

- R7H A Resolution Accepting The City Manager's Recommendation, And Approving The Cultural Arts Council's Funding Recommendations, And Awarding \$613,810 In Said Grants, For Fiscal Year 2005/2006, As Identified In The Attached Exhibit "A"; And Further Authorizing The Mayor And City Clerk To Execute Said Grant Agreements, And Make The Award Of Said Grant Monies Subject To And Contingent Upon The Approval Of The Cultural Arts Council's Budget For The Fiscal Year 2005/2006.
(Tourism & Cultural Development)
(Exhibit "A")
- R7J A Resolution Authorizing The Appropriation Of \$534,564 From The Fiscal Year 2004-05 People's Transportation Plan (PTP) Funds, And \$443,800 In Concurrency Mitigation/South Beach Funds, And \$239,536 From The Fiscal Year 2005-06 Parking Enterprise Budget, To Cover The \$1,217,900 Miami Beach Share Of The FY 2005-06 Operating Budget Of The South Beach Local, As Previously Authorized By Resolution No. 2005-25934, Dated June 8, 2005, Which Executed An Interlocal Agreement With Miami-Dade County For The Provision Of A New Bi-Directional Transit Circulator Route Service In South Beach, Which Begins Operation On September 25, 2005, Under Miami-Dade Transit Jurisdiction; And Further Appropriating An Additional \$64,034 In Concurrency Mitigation/South Beach Funds To Cover The October 2005 Close-Out Costs Of The Electrowave Shuttle Program.
(Public Works)
(Resolution)
- R7L A Resolution Amending Resolution No. 2004-25594 Which Established The Current Maximum Schedule Of User Rates For The Miami Beach Golf Club; Said Amendment Modifying Only The Non-Resident Rates As Delineated In Attachment "A"; Further Recognizing That The City Commission Has Certain Defined Responsibilities With Regard To Oversight Of The City Of Miami Beach Golf Courses And Approving And Authorizing The Issuance Of An Annual Resident Single Membership To The City's Golf Courses For Sitting Members Of The City Commission.
(Parks & Recreation)
(Resolution)

- R7M A Resolution Approving The Attached Term Sheet Setting Forth The Terms And Conditions For The City's Proposed Purchase Of The Leasehold Improvements Currently Owned By The Miami City Ballet, Inc., 2200 Liberty Avenue, Miami Beach, Florida Including But Not Limited To The Building And All Improvements Therein; Further Authorizing The City Manager Or His Designee To Negotiate A Purchase And Sale Agreement With The Miami City Ballet, Inc., Subject To Final Approval Of The Mayor And City Commission Of The City Of Miami Beach, Florida And Further Authorizing The City Manager Or His Designee To Commence Preliminary Negotiations On A Long Term Lease Of The Building To The Miami City Ballet, Inc.

(Finance Department)
(Memorandum & Resolution)

Redevelopment Agency Items

- 3D A Resolution Of The Chairman And Members Of The Board Of The Miami Beach Redevelopment Agency, Ratifying The Attached Term Sheet Setting Forth The Terms And Conditions For The City's Proposed Purchase Of The Leasehold Improvements Currently Owned By The Miami City Ballet, Inc., 2200 Liberty Avenue, Miami Beach, Florida, Including But Not Limited To The Building And All Improvements Therein; Further Authorizing The Executive Director Or His Designee To Negotiate A Purchase And Sale Agreement With The Miami City Ballet, Inc., Based Upon The Approved Term Sheet And Subject To Final Ratification By The Chairman And Members; Authorizing And Appropriating An Advance In The Amount Of \$550,000 From City Center Historic Convention Village Redevelopment Area Non - Ad Valorem Funds, To Cover The Miami City Ballet, Inc.'s Operating Expenses Through October 19, 2005, Said Amount To Be Applied As An Advance Toward The City's Purchase Price For The Building And Improvements Upon Execution Of A Purchase And Sale Agreement With The Miami City Ballet, Inc., And Further Authorizing The Executive Director Or His Designee To Commence Preliminary Negotiations On A Long Term Lease Of The Facility And Improvements Between The City And The Miami City Ballet, Inc.

(Memorandum & Resolution)

Fiscal Year 2005/2006 Recommended Cultural Grants
Exhibit "A"

	Cycle I - Artistic Disciplines	Requested	Recommended Award	Score	Project Title
Dance					
1	Clarita Filgueiras Flamenco Puro	\$ 5,000	\$ 5,000.00	83.25	Flamenco-The Rose of Cordoba
2	Dance Now! Ensemble	\$ 10,000	\$ 6,809.13	86.50	The Dance Now! Ensemble Miami Beach Performance Season
3	Freddick Bratcher Dance Company	\$ 10,000	\$ 6,429.33	83.60	Season Concert Series
4	Miami Contemporary Dance Company	\$ 20,000	\$ 13,216.04	87.75	New Works 2006
5	Mid-Eastern Dance Exchange	\$ 20,000	\$ 12,537.85	83.25	2005-2006 Performance and Workshop Series
6	Momentum Dance Company	\$ 20,000	\$ 12,916.18	85.75	Miami Beach Season 2005-2006
	Total	\$ 85,000	\$ 56,908.52		

Film					
1	Center for Advancement of Jewish Education	\$ 20,000	\$ 12,694.41	90.00	9th Annual Miami Jewish Film Festival
2	Entertainment Industry Incubator	\$ 10,000	\$ 6,607.24	87.50	Collaboration...A Short Film Contest
3	Miami Beach Film Society	\$ 10,000	\$ 6,716.14	89.00	Miami Beach Cinematheque Programming
	Total	\$ 40,000	\$ 26,017.79		

Music					
1	Florida Grand Opera	\$ 20,000	\$ 14,885.80	85.00	"Bringing Opera to the Beach"
2	FIU School of Music	\$ 20,000	\$ -	0.00	Music Concert at the Colony Theater
3	Miami Childrens Chorus	\$ 20,000	\$ 14,875.99	86.00	"Join in the Singing!"
4	Miami Symphony Orchestra	\$ 20,000	\$ 14,906.55	89.00	Annual Shows (Holly Follies, Winter Party and Spring Concerts)
5	Miami Gay Men's Chorus	\$ 10,000	\$ 7,845.43	83.00	The 2006 Miami International Piano Festival - Discovery Series
6	Patrons of Exceptional Artists	\$ 20,000	\$ 14,977.85	96.00	Miami Symphony Series at the Lincoln Theatre
7	South Beach Chamber Ensemble	\$ 10,000	\$ 7,848.83	83.33	"Music in Beautiful Spaces"
8	South Florida Composer's Alliance	\$ 10,000	\$ 7,875.99	86.00	SFCA Projects 2005-2006
	Total	\$ 130,000	\$ 83,196.44		

Theater					
1	Fantasy Theater Factory	\$ 20,000	\$ 12,683.10	91.00	Fantasy Theatre hits the Beach in 2005-2006
2	Gold Coast Theater	\$ 10,000	\$ 6,382.43	81.00	2005/2006 Season of Miami Beach Programs
3	Teatro en Miami	\$ 10,000	\$ 6,739.74	85.50	"Theatre is Fun & Educational"
4	The Playground Theatre for Young Audiences	\$ 10,000	\$ 6,716.97	85.25	"Elder's Theatre"
	Total	\$ 50,000	\$ 32,522.24		

21 Grantees for cycle I **\$ 198,645.00**

Cycle II					
Arts & Cultural Education					
1	Arts for Learning/Miami	\$ 20,000	\$ 18,950	94.00	GET smART
2	Center for Emerging Art	\$ 10,000	\$ 8,600	80.33	Avant Garden: An African-American Slave Garden
3	Center for Folk and Community Art	\$ 10,000	\$ 8,600	87.67	Telling Stories Through Visuals Workshops and Exhibition
4	Education Fund, The	\$ 20,000	\$ 18,950	97.00	Nex Gen Film Project
5	Greater Miami Youth Symphony	\$ 10,000	\$ 8,600	87.67	GMYS Beach Outreach
6	Holocaust Memorial	\$ 20,000	\$ -	79.00	Winter Lecture, Film Series, Concert
7	Maximum Dance Ballet Gammonet Company	\$ 20,000	\$ 18,950	91.00	Carnival of the Animals
8	Miami Beach Garden Conservancy	\$ 20,000	\$ 18,950	93.00	Cultivating Arts in the Garden
9	Miami Beach Hispanic Community Center	\$ 10,000	\$ -	76.50	"Nuestra Herencia Hispana" Literary and Theatre Series
	Total	\$ 140,000	\$ 101,600		

Cultural Presenters					
1	Arts at St. John's	\$ 10,000	\$ 8,000	84.75	2005-2006 Season - Community Spaces
2	Concert Association of Florida	\$ 20,000	\$ 12,415	87.66	2005-2006 Season at the Jackie Gleason Theater
3	Community Concert Association	\$ 10,000	\$ -	69.50	05/06 Season of Theatre on Miami Beach
4	Florida Dance Association	\$ 20,000	\$ 15,000	92.50	28th Annual Florida Dance Festival
5	Fotomission	\$ 10,000	\$ -	62.75	Miami's Cultural Expressions
6	Miami Dade College Dept. of Cultural Affairs	\$ 20,000	\$ 20,000	95.25	Cultura del Lobo Performance Series
7	Rhythm Foundation	\$ 10,000	\$ 9,000	86.50	TransAtlantic Festival 2006
8	Tigertail Productions	\$ 20,000	\$ 15,000	90.25	Tigertail Events Miami Beach
	Total	\$ 120,000	\$ 79,415		

Cultural Anchors					
1	ArtCenter/South Florida	\$ 35,000	\$ 25,000	84.33	2005-2006 Exhibitions and Programming
2	Bass Museum of Art	\$ 35,000	\$ 25,000	86.00	2005-2006 Exhibitions and Programming
3	Jewish Museum of Florida	\$ 35,000	\$ 29,575	89.67	2005-2006 Exhibitions and Educational Programming
4	Miami City Ballet	\$ 50,000	\$ 25,000	87.33	2005-2006 Season
5	Miami Design Preservation League	\$ 35,000	\$ 25,000	80.33	2005-2006 annual programming
6	New World Symphony	\$ 50,000	\$ 29,575	97.00	2005-2006 Season
7	Wolfsonian - FIU	\$ 50,000	\$ 25,000	95.67	2005-2006 Exhibitions and Programming
	Total	\$ 290,000	\$ 184,150		

*Cultural Tourism (VCA & CAC each fund 50,000)					
1	Infinito Art & Cultural Foundation	\$ 20,000	\$ 15,000	N/A	10th Annual Brazilian Film Festival
2	Miami Dade College Foundation	\$ 20,000	\$ 20,000	N/A	2006 Miami International Film Festival
3	Miami Gay & Lesbian Film Festival	\$ 20,000	\$ 20,000	N/A	8th Annual Miami Gay & Lesbian Film Festival
4	Miami Hispanic Ballet	\$ 20,000	\$ 15,000	N/A	XI International Ballet Festival of Miami
5	Miami Light Project	\$ 20,000	\$ 15,000	N/A	4 th Annual Miami Project Hip-Hop 2006 - M/PH 2006
6	Miami World Theater	\$ 20,000	\$ 7,500	N/A	Miami World Theater Festival
7	North Beach Development Corporation	\$ 20,000	\$ 7,500	N/A	MIMo Month 2006
	Total	\$ 140,000	\$ 100,000		

31 Grantees for cycle II **\$ 415,165**

Total \$ 995,000 \$ 613,810

Total less \$50,000 from VCA

Total less \$50,000 from VCA

Total Awarded Inclusive of VCA Funds \$ 663,810

Agenda Item R7H
Date 9-21-05

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RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AUTHORIZING THE APPROPRIATION OF \$534,564 FROM THE FISCAL YEAR (FY) 2004-05 PEOPLE'S TRANSPORTATION PLAN (PTP) FUNDS, \$443,800 FROM CONCURRENCY MITIGATION/SOUTH BEACH FUNDS, AND \$239,536 FROM THE FY 2005-06 PARKING ENTERPRISE BUDGET, TO COVER THE \$1,217,900 MIAMI BEACH SHARE OF THE FY 2005-06 OPERATING BUDGET OF THE SOUTH BEACH LOCAL, AS PREVIOUSLY AUTHORIZED BY RESOLUTION NO. 2005-25934, DATED JUNE 8, 2005, WHICH EXECUTED AN INTERLOCAL AGREEMENT WITH MIAMI-DADE COUNTY FOR THE PROVISION OF A NEW BI-DIRECTIONAL TRANSIT CIRCULATOR ROUTE SERVICE IN SOUTH BEACH, WHICH BEGINS OPERATION ON SEPTEMBER 25, 2005, UNDER MIAMI-DATE TRANSIT JURISDICTION; AND FURTHER APPROPRIATING AN ADDITIONAL \$64,034 FROM CONCURRENCY MITIGATION/SOUTH BEACH FUNDS TO COVER THE OCTOBER 2005 CLOSE-OUT COSTS OF THE ELECTROWAVE SHUTTLE PROGRAM.

WHEREAS, Resolution No. 2005-25934, dated June 8, 2005, authorized the execution of an Interlocal Agreement between the City of Miami Beach and Miami-Dade County for the operation, by Miami-Dade Transit (MDT), of a new bi-directional transit circulator service in Miami Beach to be known as the South Beach Local (the Local); and

WHEREAS, the Board of County Commissioners approved the Interlocal Agreement on September 8, 2005; and

WHEREAS, the Local will replace both the City's Electrowave Shuttle Service and MDT's Route W; and

WHEREAS, the Local will commence operations at 10:00 a.m., September 25, 2005; and

WHEREAS, the Miami-Dade Transit (MDT) share of the Fiscal Year (FY) 2005-06 operating cost of the Local is \$1,447,460; and

WHEREAS, Resolution No. 2005-25934 also approved the City's \$1,217,900 participation in the first year cost of the Local; and

WHEREAS, \$1,217,900 in City funds have been set aside for the FY 2005-06 operating costs of the Local as follows: \$534,564 or twenty percent (20%) of the Miami Beach share of the County's FY 2004-05 People's Transportation Plan (PTP) funds, \$443,800 from Concurrency Mitigation funds, and \$239,536 from the FY 2005-06 Parking Enterprise Budget; and

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Date 9-21-05

WHEREAS, and additional \$64,034 in Concurrency Mitigation funds will be needed to cover the October 2005 close-out costs of the Electrowave Shuttle Program.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that the Mayor and City Commission hereby authorize the appropriation of \$534,564 from Fiscal Year (FY) 2004-05 People's Transportation Plan (PTP) funds, \$443,800 from Concurrency Mitigation/South Beach funds, and \$239,536 from the FY 2005-06 Parking Enterprise Budget, to cover the \$1,217,900 Miami Beach share of the FY 2005-06 operating budget of the South Beach Local, as previously authorized by Resolution No. 2005-25934, dated June 8, 2005, which executed an Interlocal Agreement with Miami-Dade County for the provision of a new bi-directional transit circulator route service in South Beach, which begins operation on September 25, 2005, under Miami-Dade Transit (MDT) jurisdiction; and further appropriate an additional \$64,034 in Concurrency Mitigation/South Beach funds to cover the October 2005 close-out costs of the Electrowave Shuttle program.

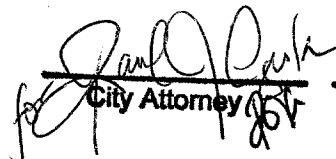
PASSED AND ADOPTED this the ____ day of _____, 2005.

MAYOR

ATTEST:

CITY CLERK

**APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION**



City Attorney

9-19-05

Date

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING RESOLUTION NO. 2004-25594 WHICH ESTABLISHED THE CURRENT MAXIMUM SCHEDULE OF USER RATES FOR THE MIAMI BEACH GOLF CLUB; SAID AMENDMENT MODIFYING ONLY THE NON-RESIDENT RATES AS DELINEATED IN ATTACHMENT "A"; FURTHER RECOGNIZING THAT THE CITY COMMISSION HAS CERTAIN DEFINED RESPONSIBILITIES WITH REGARD TO OVERSIGHT OF THE CITY OF MIAMI BEACH GOLF COURSES AND APPROVING AND AUTHORIZING THE ISSUANCE OF AN ANNUAL RESIDENT SINGLE MEMBERSHIP TO THE CITY'S GOLF COURSES FOR SITTING MEMBERS OF THE CITY COMMISSION.

WHEREAS, on September 25, 2002, the Mayor and City Commission approved Resolution No. 2002-24995, which established the schedule of user rates for the newly renovated Miami Beach Golf Club (formerly known as the Bayshore Golf Course); and

WHEREAS, the Miami Beach Golf Club opened for play in mid-December of 2002 under the City Commission approved fees at the time, and since then has met its revenue projections, which enabled the payment of the annual debt service of over \$800,000 per fiscal year; and

WHEREAS, on June 9, 2004, the Mayor and City Commission approved Resolution No. 2004-25594, which amended the initial fees established for the Miami Beach Golf Club under Resolution No. 2002-24995; and

WHEREAS, in order to continue to generate the revenues needed to ensure the golf course continues to be maintained to its present high standards, the newly opened clubhouse is properly equipped, maintained and operated, and the customer service the Miami Beach Golf Club client has come to expect is provided, the Administration, in conjunction with the Miami Beach Golf Club management company, Professional Course Management (PCM), would recommend an amendment to Resolution No. 2004-25594 , for non- resident rates for Fiscal Years (FY) 2006 and 2007, as set forth in Attachment "A"; and

WHEREAS, these non-resident rates were developed based on current and anticipated rates charged by other high quality tourist destination/ resort level golf courses that are comparable to the Miami Beach Golf Club; and

WHEREAS, the new fees, as recommended in FY 05/06, will increase the tourist rate by \$10.00 in the Winter season and \$5.00 in the Summer season and, in FY 06/07, \$15.00 in the Winter season and \$5.00 in the Summer season; all well within the range of rates of other courses of similar resort quality; and

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Date 9-21-05

WHEREAS, the resident rates for both day play and memberships will not be changed from the rates approved in 2004, pursuant to Resolution No. 2004-25594 ; and

WHEREAS, at its meeting of July 5, 2005, the City of Miami Beach Golf Advisory Board, voted unanimously to approve the revised rates for non-resident golfers, as proposed herein; and

WHEREAS, these rate changes were also approved by a unanimous vote of the Budget Advisory Committee at its meeting of August 16, 2005; and

WHEREAS, additionally, the Administration would hereby recommend that the Mayor and City Commission approve an annual resident single membership to the City's golf courses to be offered to all sitting members of the City Commission; and

WHEREAS, this membership would be non-transferable; and

WHEREAS, there is a clear public purpose for this membership, as the City Commission has oversight over the City's golf courses including, but not limited to, the selection of a day-to-day operator and management company; approval and oversight of the annual golf course operating budgets; and establishment of fees, rates, rules and regulations and policies impacting the golf courses.

NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA that the Mayor and City Commission hereby approve an amendment to Resolution No. 2004-25594, which established the current maximum schedule of user rates for the Miami Beach Golf Club; said amendment modifying only the non-resident rates, as delineated in Attachment "A"; further recognizing that the City Commission has certain defined responsibilities with regard to oversight of the City of Miami Beach Golf Courses and approving and authorizing the issuance of an annual resident single membership to the City of Miami Beach Golf Courses for sitting members of the City Commission.

PASSED AND ADOPTED this _____ day of _____, 2005.


MAYOR

ATTEST:

CITY CLERK

T:\AGENDA\2005\Sep2105\Regular\9_21_05 MBGC Amendment of User Fees Comm Reso.doc

**APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION**

 9-19-05

City Attorney Date

**CITY OF MIAMI BEACH
COMMISSION ITEM SUMMARY**



Condensed Title:

A Resolution Of The Mayor and City Commission of the City of Miami Beach, Florida, approving the attached Term Sheet setting forth the terms and conditions for the City's proposed purchase of the leasehold improvements currently owned by the Miami City Ballet, Inc., 2200 Liberty Avenue, Miami Beach, FI; further authorizing the City Manager or his designee to negotiate a Purchase and Sale Agreement with the Miami City Ballet, Inc., subject to final approval of the Mayor and City Commission of the City of Miami Beach, Florida and further authorizing the City Manager or his designee to commence preliminary negotiations.

Issue:

Shall the City Commission approve the attached Term Sheet setting forth the terms and conditions for the City's proposed purchase of the leasehold improvements currently owned by the Miami City Ballet, Inc., 2200 Liberty Avenue, Miami Beach, FI; and further authorize the City Manager or his designee to negotiate a Purchase and Sale Agreement with the Miami City Ballet, Inc., subject to final approval of the Mayor and City Commission of the City of Miami Beach, Florida and further authorize the City Manager or his designee to commence preliminary negotiations.

Item Summary/Recommendation:

The Administration believes that by taking these steps to consolidate the City's ownership of the Ballet Studio Building, and to provide the funding for imminent major capital replacements, we will provide a path to financial sustainability for the Ballet and gain an extremely valuable asset for the City.

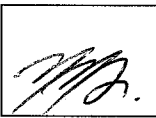
The Administration recommends the City Commission approve the proposed Resolution.

Advisory Board Recommendation:

The Finance and Citywide Projects Committee directed the Administration to return to the full City Commission at its September 21, 2005 meeting with the following items:

1. Term Sheet outlining the proposed terms of the purchase and sale agreement, including a description of proposed financial covenants to be included in the proposed lease agreement;
2. Letter from each major lender stating that the payments due on loans as of August 31, had been deferred or were held in forbearance;
3. Funding plan for future capital maintenance and replacements; and
4. Resolution of the Ballet's Governing Board agreeing to the preliminary terms of the agreement as outlined in the Term Sheet.

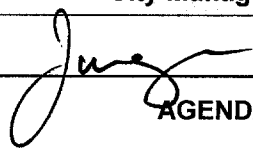
Financial Information:

Source of Funds:		Amount	Account	Approved
 Finance Dept.	1			
	2			
	3			
	4			
	Total			

City Clerk's Office Legislative Tracking:

Patricia D. Walker

Sign-Offs:

Department Director	Assistant City Manager	City Manager
		

AGENDA ITEM

R7M

DATE

9-21-05

CITY OF MIAMI BEACH

CITY HALL 1700 CONVENTION CENTER DRIVE MIAMI BEACH, FLORIDA 33139
www.miamibeachfl.gov



COMMISSION MEMORANDUM

To: Mayor David Dermer and
Members of the City Commission

Date: September 21, 2005

From: Jorge M. Gonzalez
City Manager

Subject: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, APPROVING THE ATTACHED TERM SHEET SETTING FORTH THE TERMS AND CONDITIONS FOR THE CITY'S PROPOSED PURCHASE OF THE LEASEHOLD IMPROVEMENTS CURRENTLY OWNED BY THE MIAMI CITY BALLET, INC., 2200 LIBERTY AVENUE, MIAMI BEACH, FLORIDA INCLUDING BUT NOT LIMITED TO THE BUILDING AND ALL IMPROVEMENTS THEREIN; FURTHER AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO NEGOTIATE A PURCHASE AND SALE AGREEMENT WITH THE MIAMI CITY BALLET, INC., SUBJECT TO FINAL APPROVAL OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA; AND FURTHER AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO COMMENCE PRELIMINARY NEGOTIATIONS ON A LONG TERM LEASE OF THE BUILDING TO THE MIAMI CITY BALLET, INC.

Background

The Miami City Ballet began in 1985 and has grown to maturity in the City of Miami Beach where it has been located for more than twenty years. In 1986, its first performance season, the Company had a budget of \$1,000,000, a troupe of 19 dancers and a handful of staff. Today in its twentieth season, the Company has grown to a budget of over \$10,250,000, the troupe now includes 46 dancers, the School has 400 students and there are 70 staff for the Company and School.

The Miami City Ballet Studios building, 2200 Liberty Ave, is an approximately 63,000 sf building containing the offices, school and studios of the Ballet and is an anchor in the City's Cultural Campus. It was completed at the end of 1999 at a cost of approximately \$7,000,000. During 1999, the City contributed \$2,500,000 towards the construction of the building and also owns the land on which the Building was built. The Ballet has also added approximately \$1,000,000 of interior finishes and improvements which includes two studios that when combined by opening an air wall between them can create a performance venue with seating for approximately 225. The Ballet has continually made the building available to the City as a polling place for elections as well as an emergency management command center during hurricanes. They have also donated or rented this facility, when available, to other arts groups, such as: New World Symphony, the Miami Light Project and the South Beach Gay Men's Chorus, as well as permitted television,

film, and music video production companies, and photographers doing fashion shoots to use the facility.

Since 1998, through its Miami City Ballet Inner-City Outreach Program, the Ballet has partnered with several Miami Beach Schools, including South Pointe Elementary, Feinberg-Fisher Elementary and North Beach Elementary, through their Exploring Dance Program, which provides in-school residencies, conducted by the School's Outreach Faculty, to children with financial needs. The Ballet also continues to provide scholarships to attend the Miami City Ballet School to talented children with financial need. This year those scholarships have afforded forty children, of whom six are from Miami Beach, the opportunity for this enriching experience. Since the Ballet began performing at the Jackie Gleason Theater in the fall of 1995 the Ballet has donated over twenty-five thousand tickets to their performances to Miami Beach students and children's charities. Additionally, the Ballet has produced education-outreach performances for students from Miami-Dade public schools; Ballets for Young People programming for children and families and since 1994 has performed or participated in the City's annual "Invitation to the Arts." In February 2006, they will produce Aurora's Wedding from Sleeping Beauty at the Jackie Gleason Theater.

The City Manager met with the Ballet during the fall of 2004 and discussed the possibility of providing a grant to them to be used to enhance the Studio Theater space within their facility so that it could be used as a more theatrical performance venue. The Ballet moved forward with this concept and engaged Proscenium Architecture + Interiors, Inc. to assist in the planning of the conversion of the existing studios 1 and 2 into a more patron – comfortable, flexible performance space and estimate the construction cost. They estimate that the full build out of this space will cost approximately \$1,400,000. The Administration is recommending that the City make an additional investment of approximately \$500,000 for capital improvements to the Studio Theater to enable the Ballet to begin performances in this area during early 2006.

The Ballet has been struggling to achieve financial stability in the short-term and sustainability in the long-term. However, at this time they are trying desperately to solve the most severe financial crisis in their history.

They have incurred approximately \$2,500,000 of operating debt over the last six years. Of this amount approximately \$1,950,000 was due August 31, 2005 on which the Ballet has only been able to pay interest this year. This is comprised of: a \$950,000 term loan made by a group of banks, a fully drawn line of credit of \$500,000, both at prime +1/2%; and \$500,000 bridge loan at prime rate, co-signed by two of the Board members. The remaining balance represents aged accounts payable and non-interest bearing loans from board members. The largest piece of this debt is funded by a group of local banks that does not want to continue to lend to the Ballet. The Banks wanted the outstanding amount paid over 5 years; however, the Ballet has no way to fund the repayment over that term. The Ballet's cash balances have deteriorated and they are very concerned that they will not be able to cover payroll and other minimal operating expenses through the month of September. The Ballet cites a reduction in contributions from donors as a

result of a weaker economy post 2001, reductions or eliminations of government support to the arts, as well as more intense competition, most notably from the Miami Performing Arts Center, for contributions from a finite pool of donors, as the major reasons for their decreasing revenues.

Approximately three months into the previous fiscal year (May 2004 – April 2005) it became apparent to the Ballet that they would not be able to achieve their contributed income goal and they immediately reduced their operating budget. At that time they believed that they could survive this crisis by restructuring their debt with a mortgage, payable over 20-30 years, coupled with providing additional fundraising strength, drastic reducing their budget and seeking an annual subsidy from the City.

Commissioner Simon Cruz asked the City Administration to begin working with the Ballet during the fall of 2004 to look for financing so they might refinance their outstanding debt over a more reasonable term, pay off their aged accounts payable and establish a credit line to provide working capital sufficient to see them through the lean part of each season. The City facilitated a meeting for the Ballet with the City's financial advisor and bond counsel to see if a conduit financing was a viable option. During the meeting the facts that were presented by the Ballet quickly led to the conclusion that this was not a viable option and the likelihood of obtaining financing from any lending institution looked less than hopeful.

During January 2005, the Ballet made a presentation to the Finance and Citywide Projects Committee (the Finance Committee) requesting that the City consent to the Ballet obtaining a leasehold mortgage to achieve this financing. The Committee was in favor of giving consent to a leasehold mortgage subject to the terms and conditions of the actual mortgage. Although the Ballet continued to pursue this option with a number of different financial institutions, the Ballet was unable to obtain a mortgage based on the covenants of the City's ground lease which require that in a default the City would be in first position to be paid and additionally the lease restricts the ability of a lender to use the building for any purpose other than non-profit, preferably cultural.

Based on our review of the Ballet's financial position, additional financing would give them only momentary relief and would not solve the structural financial issues that they have. The Ballet has indicated that without a solution to this financial crisis their alternatives would be to close the Company or seek out a new home that could provide financial assistance.

Finance and Citywide Projects Committee Meeting September 12, 2005

The Administration and representatives from the Miami City Ballet including Edward Villella, Founding Artistic Director and CEO, Pamela Gardiner, Executive Director, Mike Eidson Esq., President of the Miami City Ballet Board of Trustees, Rosalind Richter, Vice President and member of Board of Trustees, and Mark Rosenblum, General Manager made a presentation to the Finance Committee at their meeting on September 12, 2005 outlining the Ballet's deteriorating financial condition. The Administration proposed a

financial package that would help the Ballet become financially solvent and continue in its cultural partnership with the City as follows:

- 1 - the City would acquire the Ballet's interest in the Miami City Ballet Studio Building for \$4.5 M and lease it back to the Ballet, at a rent of \$1 a year, with terms similar to the ground lease with the New World Symphony, and take over responsibility for the capital maintenance of the facility, and
- 2 - the City would make an additional investment of approximately \$500,000 for capital improvements to the Studio Theater to enable the Ballet to begin performances in this area during early 2006. (See Exhibit E.)

Under this proposal, the City would buy the Ballet's interest in the Miami City Ballet Studio Building for \$4.5 M and lease it back to the Ballet, at a rent of \$1 a year, with terms similar to the ground lease with the New World Symphony. The City would also take over responsibility for the capital maintenance of the facility which would include the building and its systems, such as: air conditioning, plumbing, electrical, roofing etc. In this regard, Brad Judd, Director of Property Management, visited the Ballet Studios Building and prepared an assessment of the condition of the facility and its systems which reflects an estimated \$740,000 of capital maintenance and replacements that are necessary over the next two years which include: 1) \$500,000 for a new roof; 2) \$175,000 for replacement of five rooftop air conditioning units; and 3) \$65,000 for pressure-cleaning, waterproofing and painting the exterior of the building. (See Exhibit F.)

Further, the Administration recommended that the City make an additional investment of approximately \$500,000 for capital improvements to the Studio Theater to enable the Ballet to begin performances in this area during early 2006. The City also would provide input and review of the Ballet's annual budget and would maintain financial oversight through the appointment of both the City Manager and the City's Chief Financial Officer as voting members of the Ballet's Governing Board.

This amount would allow the Ballet to pay off their existing debt, loans and aged accounts payable which total approximately \$2.5 million and it would provide them with a working capital fund of approximately \$2 million to get them through the financially lean months at the beginning of each season for payroll, licenses, costumes, music and repetiteurs for the upcoming season. The Ballet would return these funds to their working capital fund during the year as revenues were generated and contributions are received. In addition to debt service savings, the Ballet would no longer need to fund building maintenance, repairs and replacement of building equipment, which would also generate significant savings for them over the upcoming years. (See Exhibits A-1 and A-2.)

Additionally, the Ballet proposed to generate incremental revenues, through additional program performances in the enhanced Studio Theater, the Colony Theater and the Byron-Carlyle Theater which are discussed in more detail in the next paragraph. They indicated that they were also pursuing the development of the "Café Ballet", in the lobby of the Ballet Studios Building, with Bom Dia, one of the largest coffee producers in Brazil.

Bom Dia wants to develop the Café as the North American launch location for their limited edition coffees. The terms of this partnership are yet to be negotiated however; Bom Dia has initially indicated that they would fund the capital improvement costs for the Café. The Ballet hoped to be able to serve beer and wine along with light meals, snacks and desserts and provide a place for park and library visitors to enjoy refreshments, along with its own students, patrons and visitors.

As previously mentioned, the Ballet would develop and perform two additional series which will be exclusive to the City at this time. First, a Contemporary Dance Series where audiences would be able to enjoy high quality contemporary dance in the intimate setting that the enhanced Studio Theater would provide. The Ballet explained their plan to develop and produce two Contemporary programs for their upcoming 2006 (Sep 2005 – May 2006) season. (See Exhibit B.) The programs would expand to include a Young People's Program in their 2007 season (Sep 2006 – May 2007) designed especially for young audiences, and they would expand their performances to include the newly renovated Colony Theater along with the Byron-Carlyle Theater. (See Exhibit C.) These programs would be performed by dancers in their existing Company with choreography not currently in the Ballet's repertoire. To achieve this goal, the Ballet has brought back David Palmer and Yanis Pikieris, former Miami City Ballet principal dancers, and Founding Artistic Directors of Maximum Dance Company. These gentlemen have extensive experience as dancers, choreographers and arts administrators and would work with the Company full-time, to develop and implement the Contemporary Dance Series this season and would add the Young People's Program in 2006-2007. (See Exhibits D-1 and D-2.)

The Company has committed to perform as a resident company at the new Miami Performing Arts Center (MPAC) and the City is engaged in discussions with the Cirque du Soleil to reconfigure the Jackie Gleason Theater of the Performing Arts for their year-round performances. It is expected that this venture will continue to be profitable for the Ballet; however, the Ballet has agreed only to perform at a financially self-sustaining level. Additionally, the Ballet offered to acknowledge at their performances at the MPAC that they were "Presented by the City of Miami Beach".

The Finance Committee engaged in a lengthy discussion of the proposal and the severity of the Ballet's financial condition. The Committee made the following recommendations:

- 1- Commissioners Saul Gross and Richard Steinberg recommended that in addition to the \$4,500,000, that the City fund the necessary \$740,000 of capital maintenance and replacements recommended by Mr. Judd, however, it was requested that the Ballet pay for future capital maintenance and replacements and provide annual funding into a reserve for that purpose;
- 2- The Committee did not agree to fund the \$500,000 for capital improvements to the Studio Theater at this time and suggested that the Ballet might pursue this project at a later date;

- 3- Commissioner Steinberg requested that the Administration work with the Ballet to outline financial covenants to incorporate into the agreement that would help insure that the Ballet would operate within its available financial resources in the future and not incur debt to meet its operating requirements;
- 4- Commissioner Cruz requested that the Ballet provide evidence from their lenders that the payments due on loans as of August 31 had been deferred or were held in forbearance while the terms of the City's acquisition of the Ballet Studios Building were negotiated; and
- 5- In regard to the urgency of the Ballet's current cash flow needs the Committee suggested that the full Commission could approve an advance at their September 21, 2005 meeting, that would be applied toward the City's purchase price for the facility upon execution of a purchase and sale agreement. This advance would supplement operating funds for the Ballet until the specific terms of the purchase and sale agreement could be negotiated.

The Committee directed the Administration to return to the full City Commission at its September 21, 2005 meeting with the following items:

- 1- A Term Sheet outlining the proposed terms of the purchase and sale agreement for the acquisition of the Ballet's interest in the building including a description of proposed financial covenants to be included in the proposed lease agreement (See Exhibit G);
- 2- A letter from each major lender stating that the payments due on loans as of August 31, had been deferred or were held in forbearance while the terms of the City's acquisition of the Ballet Studios building were negotiated (See Exhibit H-H1);
- 3- A funding plan for future capital maintenance and replacements (See Exhibit I); and
- 4- A resolution of the Ballet's Governing Board agreeing to the preliminary terms of the agreement as outlined in the Term Sheet. (The Governing Board of the Ballet is scheduled to meet and consider the sale of the building to the City on Monday Sep. 19, 2005.)

Subsequent Discussions with the Ballet

During discussions following the Finance Committee meeting, the Ballet stated that they do not foresee the financial capacity in the near future to provide funding for future capital maintenance and replacements as well as provide the funding to produce the programs (Contemporary and Young People's Series) that the City has requested.

Additionally, the Ballet has indicated that the proposed investment of \$500,000 by the City in enhancements to the Studio Theater would have permitted the Ballet to generate additional revenues by performing in their Studio Theater at an estimated savings of \$20,000 in FY2006 and \$53,200 in FY2007 (\$10,000 per program for three performances and \$13,300 per program for four performances) and would have provided an opportunity to generate some additional revenues from the proposed Café Ballet. Mr. Villella has indicated that in the absence of funding from the City for the Studio Theater he can not afford and therefore can not commit to producing the two new series that the City has requested. Further, Mr. Villella further indicated that in the absence of enhancements to the Studio Theater should the Ballet not be able to perform at the Performing Arts Center because they can not operate at a financially self-sustaining level, there was no facility on Miami Beach large enough to stage the Company's regular active repertory of programs.

The Administration's concurs with the Ballet's concern regarding their financial capacity at this time to develop and produce these additional programs and continue to meet their existing obligations. As such, the Administration recommends that:

- 1 - the City of Miami Beach acquire the Ballet's interest in the Miami City Ballet Studio Building for \$4.5 M and lease it back to the Ballet, at a rent of \$1 a year, with terms similar to the ground lease with the New World Symphony;
- 2 – that the City provide, \$740,000 to fund imminent major capital replacements which consist of: roof replacement - \$500,000; five rooftop air conditioning units - \$175,000, and pressure-cleaning, waterproofing, and painting of the building exterior - \$65,000;
- 3 – that the City engage VFA to formally assess the costs of lifecycle maintenance for the Ballet building and determine a consistent method of allocating building capital maintenance and replacement costs at that time; and
- 4– that the City's requirement to develop and produce the Contemporary and Young People's Programs and the Ballet's request to enhance the Studio Theater be deferred at this time.

We believe by taking these steps to consolidate the City's ownership of the Ballet Studio Building, and to provide the funding for imminent major capital replacements, we will provide a path to financial sustainability for the Ballet and gain an extremely valuable asset for the City.

JMG: PDW

Attachments:

Exhibits A-1 and A-2 – Miami City Ballet Schedule of Proposed Budgetary Savings Included in the Revised Operating Budget for FY2006

Exhibit B - Miami City Ballet Proposed Budget for Contemporary Series FY 2006

Exhibit C – Miami City Ballet Proposed Budget for the Contemporary and Young People's Series FY 2007

Exhibits D-1 and D-2 - Miami City Ballet FY2005 Actual Results of Operations; FY2006 Revised Operating Budget and FY 2007 Proposed Operating Budget and Assumptions

Exhibit E - Miami City Ballet Studio Theatre Upgrade Project Budget

Exhibit F – Preliminary Status of the Miami City Ballet Building, a report prepared by Brad Judd, Director, Property Management Division

Exhibit G – Term Sheet

Exhibit H-H1 - Letters from each major lender stating that the payments due on loans as of August 31 had been deferred or were held in forbearance

Exhibit I - A funding plan for future capital maintenance and replacements

JMG: PDW

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH , FLORIDA, APPROVING THE ATTACHED TERM SHEET SETTING FORTH THE TERMS AND CONDITIONS FOR THE CITY'S PROPOSED PURCHASE OF THE LEASEHOLD IMPROVEMENTS CURRENTLY OWNED BY THE MIAMI CITY BALLET, INC., 2200 LIBERTY AVENUE, MIAMI BEACH, FLORIDA INCLUDING BUT NOT LIMITED TO THE BUILDING AND ALL IMPROVEMENTS THEREIN; FURTHER AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO NEGOTIATE A PURCHASE AND SALE AGREEMENT WITH THE MIAMI CITY BALLET, INC., SUBJECT TO FINAL APPROVAL OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH , FLORIDA; AND FURTHER AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO COMMENCE PRELIMINARY NEGOTIATIONS ON A LONG TERM LEASE OF THE BUILDING TO THE MIAMI CITY BALLET, INC.

WHEREAS, the Miami City Ballet (The Ballet) began in 1985 and has grown to maturity in the City of Miami Beach, where it has been located for more than twenty years; and

WHEREAS, the Miami City Ballet Studios Building, located at 2200 Liberty Ave, is an approximately 63,000 sf building containing the offices, school and studios of the Ballet and is an anchor in the City's Cultural Campus ; and

WHEREAS, during 1999, the City contributed \$2,500,000 towards the construction of the Building and also owns the land on which the Building was built; and

WHEREAS, the Ballet has continually made the Building available to the City as a polling place for elections as well as an emergency management command center during hurricanes; and

WHEREAS, since 1998, through its Miami City Ballet Inner-City Outreach Program, the Ballet has partnered with several Miami Beach Schools, including South Pointe Elementary, Feinberg-Fisher Elementary and North Beach Elementary, through their Exploring Dance Program, which provides in-school residencies, conducted by the School's Outreach Faculty, to children with financial needs; and

WHEREAS, the Ballet also continues to provide scholarships to attend the Miami City Ballet School to talented children with financial need; and

WHEREAS, since the Ballet began performing at the Jackie Gleason Theater in the Fall of 1995, the Ballet has donated over twenty-five thousand tickets to their performances to Miami Beach students and children's charities; and

WHEREAS, the Ballet has been struggling to achieve financial stability in the short-

term and sustainability in the long-term and, at this time, it is trying desperately to solve the most severe financial crisis in its history; and

WHEREAS, the Ballet has incurred approximately \$2,500,000 of operating debt over the last six years; of this amount, approximately \$1,950,000 was due August 31, 2005, on which the Ballet has only been able to pay interest this year ; and

WHEREAS, the City Administration began working with the Ballet during the Fall of 2004 to look for financing so it might refinance its outstanding debt over a more reasonable term; pay off its aged accounts payable; and establish a credit line to provide working capital sufficient to see it through the lean part of each season; and

WHEREAS, the Ballet has indicated that without a solution to this financial crisis its alternatives would be to close the Company or seek out a new home that could provide financial assistance; and

WHEREAS, the Administration and representatives from the Miami City Ballet made a presentation to the Finance Committee at its meeting on September 12, 2005 outlining the Ballet's deteriorating financial condition; and

WHEREAS, the Administration recommends ratification of the attached Term Sheet setting forth the terms and conditions for the City's proposed purchase of the leasehold improvements currently owned by the Miami City Ballet, Inc., 2200 Liberty Avenue, Miami Beach, Florida.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that the Mayor and City Commission hereby approve the attached Term Sheet setting forth the terms and conditions for the City's proposed purchase of the leasehold improvements currently owned by the Miami City Ballet, Inc., 2200 liberty avenue, Miami Beach, Florida including but not limited to the Building and all improvements therein; further authorizing the City Manager or his designee to negotiate a Purchase and Sale Agreement with the Miami City Ballet, Inc., subject to final approval of the Mayor and City Commission of the City of Miami Beach, Florida; and further authorizing the City Manager or his designee to commence preliminary negotiations on a long term lease of the Building to the Miami City Ballet, Inc.

This resolution shall take effect immediately upon its adoption.

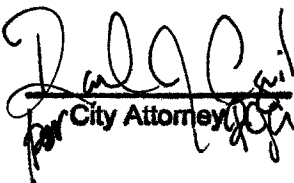
PASSED AND ADOPTED THIS _____ **DAY OF** _____, 2005

ATTEST:

CITY CLERK

MAYOR

**APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION**



City Attorney

9-19-05

Date

TERM SHEET

Background and Purpose: The Miami City Ballet, Inc. ("Ballet") is the lessee under a Ground Lease with the City of Miami Beach as lessor of City-owned land located at 2200 Liberty Avenue. In 1999, the City contributed \$2,500,000 towards the cost of constructing the building for the Ballet, (hereinafter the building and all improvements thereon are referred to as the "Building"). The Building was completed in 1999. The Ballet has encountered financial problems recently and is in need of additional funding. Efforts to obtain institutional financing have been unsuccessful. The transactions addressed in this Term Sheet are intended to provide the Ballet with additional funds and to allow the City to acquire title to the Building.

Proposed Transactions: The City proposes to purchase the Building on the following terms:

- (a) Purchase Price. \$4.5 million to be applied as follows: (i) \$2,500,000 to pay off the existing debts of the Ballet (including \$950,000 term loan, \$500,000 fully drawn line of credit, \$500,000 bridge loan plus \$550,000 in aged accounts payable and non-interest bearing loans from Ballet's Board of Directors), (ii) \$2,000,000 to be used by Ballet to fund a working capital reserve account for operating expenses during financially lean months, and (iii) \$740,000 to fund imminent major capital replacements/ repairs which consist of: roof replacement - \$500,000; five rooftop air conditioning units - \$175,000, and pressure-cleaning, waterproofing, and painting of the building exterior - \$65,000.
- (b) Title. City is to acquire good and marketable title to the Building.
- (c) Closing Date - est. October 19, 2005.
- (d) Inspection Period. City has the right to inspect the Building prior to Closing to determine whether it is acceptable. City's review may include title review, survey matters, physical inspections and all other matters of concern to City. If City is not satisfied, City has the option to terminate the Contract.

- (e) No Brokers. City and Ballet represent that there are no real estate brokers entitled to a commission in connection with the transaction.
- (f) Lease Amendment. Following closing, the City will proceed to negotiate an amendment to the existing Ground Lease with the Ballet:
 - (i) include the Property as part of the leased premises;
 - (ii) provide for rent of one dollar per year;
 - (iii) provide for a lease term that extends through (to be determined) - "Lease Expiration Date";
 - (iv) provide a mechanism for City Manager and City's Chief Financial Officer to be members of Ballet's Board and to have input and review of Ballet's annual budget and to have financial oversight
- (g) Financial Covenants. These three terms will be included in the PROPOSED AMENDMENT TO THE Ground Lease:
 - (i) **Working Capital Reserve** – The Working Capital Reserve Fund will be established with an original amount of \$2,000,000. Any funds with drawn from the Working Capital Reserve Fund shall be returned to the Fund within the fiscal year borrowed, such that at the beginning of each fiscal year the Fund balance has been returned to the original amount. Interest earned on the Fund during any year may be withdrawn at any time during the year that the Fund exceeds the original Fund Balance and used for any legal Board approved purpose.
 - (ii) **Capital Maintenance and Replacement Fund** – The Ballet shall establish and contribute annually to a Fund for the repair and /or replacement of building equipment, systems and components. The annual contribution shall be calculated by dividing the escalated cost of the equipment, system or component to

be replaced by its useful life. Such funds shall be held in escrow until such repairs are required. Additionally, preventive maintenance for the HVAC system, Elevators and Fire Alarm and Sprinkler systems shall be funded annually.

- (iii) **Fiscal Responsibility** – The Ballet shall work with the City Manager and Chief Financial Officer to establish financial policies that would help insure that the Ballet would operate at all times within its financial resources and would not incur debt to meet its operating requirements. These policies could include a requirement to budget operating expenses at a percentage of estimated revenues such that there is a contingency factor built in to each year's budget.

**Miami City Ballet
Schedule of Proposed Budgetary Savings
Included in the Revised Operating Budget for FY 2006**

Exhibit A1



*Florida's
Internationally
Acclaimed
Dance
Company*

Board Approved Operating Expenses (FY 2006) \$10,318,884

SAVINGS:

Term Loan Interest (\$950,000)	23,750
Bridge Loan Interest (\$500,000)	12,500
Line of Credit Interest (\$500,000)	12,500

Interest on Additional Borrowing	75,000
Fees on Additional Borrowing	40,000

Facility Repair & Maintenance	20,000
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Property Insurance	10,000
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ADDITIONAL EXPENSES:

MCB Contemporary Series (Net)	15,000
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Revised Operating Expenses (FY 2006)	<u>\$10,140,134</u>
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Operating Income (FY 2006)	\$10,262,358
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Additional Interest Income	25,000
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Revised Operating Income (FY 2006)	<u>\$10,287,358</u>
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REVISED NET INCOME

\$147,224

MIAMI CITY BALLET OPHELIA & JUAN JS. ROCA CENTER 2200 LIBERTY AVENUE MIAMI BEACH, FLORIDA 33139
PHONE: (305) 929-7000 FAX (305) 929-7008 E-MAIL: admin@miamicityballet.org

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MIAMI CITY BALLET
Exhibit A2

	(BOARD APPROVED) OPERATING BUDGET FY 2006	(REVISED) OPERATING BUDGET FY 2006	BUDGET ADJUSTMENTS FY 2006
BEGINNING CASH BALANCE	\$0	\$0	
REVENUE			
Earned Revenue			
Subscriptions & Singles	\$2,840,000	\$2,840,000	\$0
Nutcracker	945,000	945,000	\$0
Contemporary Series	0	54,000	\$54,000
Young People's Series	0	0	\$0
Boutique / P&H	100,000	100,000	\$0
Tour	968,316	968,316	\$0
School	760,500	760,500	\$0
Investment	75,000	100,000	\$25,000
Other	55,000	55,000	\$0
Total Earned Revenue	\$5,743,816	\$5,822,816	\$79,000
Contributed Revenue			
Directors	\$425,000	\$425,000	\$0
Individuals	2,300,000	2,375,000	\$75,000
Corporations	250,000	250,000	\$0
Foundations	625,000	625,000	\$0
Government	636,325	636,325	\$0
Events - Net	400,000	400,000	\$0
Total Contributed Revenue	\$4,636,325	\$4,711,325	\$75,000
Sub-Total Revenue	\$10,380,141	\$10,534,141	\$154,000
Less: Contingency	0	117,783	\$117,783
Total Revenue	\$10,380,141	\$10,416,358	\$36,217
EXPENSE			
Program Services			
Company & Artistic	\$2,531,386	\$2,611,386	\$80,000
New Production	198,500	232,500	\$34,000
Production	2,696,239	2,701,239	\$5,000
Tour	535,302	535,302	\$0
School	961,254	961,254	\$0
Total Program Services	\$6,922,681	\$7,041,681	\$119,000
Supporting Services			
Marketing	\$1,302,630	\$1,326,130	\$23,500
Development	842,082	842,082	\$0
General & Administrative	1,066,919	998,419	(\$68,500)
Interest	184,572	60,822	(\$123,750)
Total Supporting Services	\$3,396,203	\$3,227,453	(\$168,750)
Total Expense	\$10,318,884	\$10,269,134	(\$49,750)
Net Income (Loss)	\$61,257	\$147,224	\$85,967

**Miami City Ballet
Proposed Budget for Contemporary Series
FY 2006**

Exhibit B



*Florida's
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Dance
Company*

Earned Revenue (2 Programs/3 Performances Each)	\$54,000
Contributed Revenue	75,000
EXPENSES:	
Program Directors	80,000
Artistic (Licensing Ballets, Repetiteurs Fees, etc...)	34,000
Production	5,000
Marketing	20,000
Box Office/House Management	3,500
G & A	1,500
Net Income (Loss)	(\$15,000)

MIAMI CITY BALLET OPHELIA & JUAN JS. ROCA CENTER 2200 LIBERTY AVENUE MIAMI BEACH, FLORIDA 33139

PHONE: (305) 929-7000 FAX (305) 929-7002 E-MAIL: admin-fin@miamicityballet.org

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Miami City Ballet

Proposed Budget for the Contemporary & Young People's Series FY 2007

Exhibit C



*Florida's
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Company*

Earned Revenue:

3 Contemporary Programs & 1 Young People's Program \$100,000

Contributed Revenue 147,500

EXPENSES:

Program Directors & Benefits 100,000

Artistic (Licensing Ballets, Repetiteurs Fees, etc...) 80,000

Production 20,000

Marketing 35,000

Box Office/House Management 7,500

G & A 5,000

Net Income (Loss) \$0

MIAMI CITY BALLET OPHELIA & JUAN JS. ROCA CENTER 2800 LIBERTY AVENUE MIAMI BEACH, FLORIDA 33139

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MIAMI CITY BALLET

Exhibit D 1

	(ACTUAL RESULTS) OPERATING BUDGET FY 2005	(REVISED) OPERATING BUDGET FY 2006	(PROPOSED) OPERATING BUDGET FY 2007
BEGINNING CASH BALANCE	\$0	\$0	\$147,224
REVENUE			
Earned Revenue			
Subscriptions & Singles	\$2,646,184	\$2,840,000	\$3,055,000
Nutcracker	919,123	945,000	1,026,750
Contemporary Series	0	54,000	75,000
Young People's Series	0	0	25,000
Boutique / P&H	90,862	100,000	126,750
Tour	1,136,411	968,316	1,200,000
School	715,060	760,500	760,500
Investment	42,115	100,000	150,000
Other	125,640	55,000	77,500
Total Earned Revenue	\$5,675,395	\$5,822,816	\$6,496,500
Contributed Revenue			
Directors	\$411,992	\$425,000	\$500,000
Individuals	2,471,855	2,375,000	2,625,000
Corporations	267,131	250,000	350,000
Foundations	826,662	625,000	725,000
Government	613,153	636,325	636,325
Events - Net	281,605	400,000	600,000
Total Contributed Revenue	\$4,872,398	\$4,711,325	\$5,436,325
Sub-Total Revenue	\$10,547,793	\$10,534,141	\$11,932,825
Less: Contingency		117,783	135,908
Total Revenue	\$10,547,793	\$10,416,358	\$11,796,917
EXPENSE			
Program Services			
Company & Artistic	\$2,416,988	\$2,611,386	\$3,215,567
New Production	394,125	232,500	330,000
Production	2,646,854	2,694,739	3,117,915
Tour	771,383	535,302	660,302
School	993,469	961,254	1,010,335
Total Program Services	\$7,222,820	\$7,035,181	\$8,334,119
Supporting Services			
Marketing	\$1,325,938	\$1,326,130	\$1,541,865
Development	876,005	842,082	1,023,462
General & Administrative	1,019,044	1,004,919	1,033,378
Interest	103,985	60,822	0
Total Supporting Services	\$3,324,973	\$3,233,953	\$3,598,705
Total Expense	\$10,547,793	\$10,269,134	\$11,932,825
Net Income (Loss)	\$0	\$147,224	\$11,316

Miami City Ballet
FY 2006 Revised Operating Budget
FY 2007 Proposed Operating Budget
Assumptions

Exhibit D2



*Florida's
Internationally-
Acclaimed
Dance
Company*

FISCAL YEAR 2006

46 Dancers / 37.5 Rehearsal & Performance Weeks

2 Contemporary Series at MCB Building (3 performances in each series / may add shows)
(ESTIMATE: 1,440 seats at \$37.50/ticket = \$54,000)

All Main Stage Performances at the Jackie Gleason Theater

No Cost of Living Increases for Dancers & Staff

FISCAL YEAR 2007

51 Dancers / 41.5 Rehearsal & Performance Weeks

3 Contemporary Series -- 2 at MCB Building / 1 at Colony Theater (4 performances in each series)
(ESTIMATE: 2,000 seats at \$37.50/ticket = \$75,000)

1 Young People's Program at Colony Theater (4 performances)
(ESTIMATE: 1,000 seats at \$25.00/ticket = \$25,000)

All Main Stage Performances at the MPAC

Program I (Orchestra)

Ticket Income: 15% Increase: MPAC / 5% Increase: BCPA & KC (Increased Sales/Price)

Cost of Living Increases for Dancers & Staff

MIAMI CITY BALLET OPHELIA & JUAN JS. ROCK CENTER 2200 LIBERTY AVENUE MIAMI BEACH, FLORIDA 33139
PHONE: (305) 929-7000 FAX (305) 929-7002 E-MAIL: admin@miamicityballet.org

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**Miami City Ballet
Studio Theatre Upgrade
Project Budget**

Exhibit E



*Florida's
Internationally-
Acclaimed
Dance
Company*

Air Conditioning System

Compressor, Condenser, Handler, Duct Work \$107,000

Scenic Elements

Legs	10,620
Borders	9,610
Scrim	2,810
Window Coverings	1,000
Bleacher Masking	1,000
Curtain & Rigging	50,000
Pipe Grid	15,250
Rear Projection Screen	6,375

Electrical Elements

Instruments (Light Fixtures, Towers) 60,000

Sound Elements

Equipment	25,000
Acoustical Treatment	75,000

Other

Consulting	35,000
Project Labor (Installation Fees, etc...)	75,000
Miscellaneous	26,335

TOTAL

\$500,000

MIAMI CITY BALLET OPHELIA & JUAN P. ROCA CENTER 2200 LIBERTY AVENUE MIAMI BEACH, FLORIDA 33139
PHONE: (305) 929-7000 FAX (305) 929-7002 E-MAIL: admin-fm@miamicityballet.org

A COPY OF THE OFFICIAL REGISTRATION AND FINANCIAL INFORMATION MAY BE OBTAINED FROM THE DIVISION OF CONSUMER SERVICES BY CALLING
TOLL FREE 800-475-7259 WITHIN THE STATE REGISTRATION DOES NOT IMPLY ENDORSEMENT, APPROVAL OR RECOMMENDATION BY THE STATE

080 BTZ/ON

MIAMI CITY BALLET + 93056737795

17:06

09/08/2005



THE CITY OF MIAMI BEACH
PROPERTY MANAGEMENT DIVISION
1245 MICHIGAN AVENUE
MIAMI BEACH, FLORIDA 33139
(305) 673-7630 fax (305) 673-7963

Exhibit F



To: Patricia Walker
Chief Financial Officer

September 9, 2005

From: Brad A. Judd RPA, FMA, CGC
Director, Property Management

Subject: **Preliminary Status of the Miami City Ballet Building**

=====

As you and the City Manager requested, Property Management performed a preliminary inspection yesterday of the Miami City Ballet Building to provide information on the existing condition of the facility. In addition to HVAC systems, plumbing systems, and electrical systems, other items such as energy management systems inspections and a preliminary roof survey inspection were also performed. We also looked at existing maintenance contracts and service agreements to better understand how the facility has been maintained in the past. The following are the findings:

Electrical and Fire Alarm Systems

The Electrical system in this building is overall in very good working condition. The Switchgear and Electrical Panels are manufactured by Siemens and all are in very good working condition. All lighting fixtures, exit signs and emergency lighting were also found in good working condition with the exception of some minor ballast or lamp replacements. Also the Simplex Fire Alarm system was just certified in August 2005. Although this inspection was basically a visual inspection all panels and the switchgear were checked for any heating problems and none were present. In conclusion I do not anticipate any major problems with the Electrical System except for general maintenance requirements

Roof

For a relatively young roof, the waterproofing membrane presents a blistering condition that is severe and extensive. You can find blisters that are 3-4 feet wide by 4-6 feet long and they are located throughout the roof area. This condition allows the roof membrane to continue to perform until the blisters get punctured, which is not an uncommon occurrence on roofs that have equipment mounted on the surface. Maintenance personnel would walk through the roof to get to the equipment and step on the blisters causing a rupture on the membrane. You can find blisters under the walk-pads installed around most of the roof mounted equipment.

The other area of concern is that with the presence of such large blisters, the roofing membrane is not acting as an integral assembly. The membrane has separated from the substrate and the possibility of a wind uplift failure is increased. The areas where the blisters exist are weaker than the rest of the roof and might fail to resist the wind uplift force of a storm, causing a catastrophic failure due to a roof blow off. Even though this roof might still be under warranty, the warranty will not cover the blisters. I have attached a copy of a quick roof audit survey we had performed by Tremco yesterday

afternoon that provides more detail on these findings. A cost estimate of \$500,000 has been provided for the replacement of the roof and should be considered necessary in the next couple of years.

HVAC and Energy Management Systems

There are three RTU's (roof top units) on the main roof, two split air conditioning units, and assorted exhaust fans. All outdoor air conditioning units appear functional. All air conditioning units on the roof have extensive corrosion problems on the condenser coils. One of the RTU's has a section on fins missing and oil stains around the missing fins section, indicative of a previous refrigerant leak repair. Because the units were installed without special corrosion protective coatings, that would be typical in our specifications for roof mounted equipment in a salt air environment, it is safe to estimate that all units will have to be replaced within the next two years, with the exception of the air handling unit. All internal HVAC components were found to be operational and in good condition. The estimate for the replacement of all five units on the roof of the Miami City Ballet is \$175,000.00. This includes equipment cost, crane, labor, drawings and miscellaneous contingencies.

The energy management system is a Trane Tracer Summit system with graphics. All components appear to be on line. There was one undetermined alarm showing at the time.

Plumbing Systems

All plumbing systems were found in good operational condition. Water pressure was found to be low on the third floor of the building. This issue could be resolved with adjustments of the backflow prevention system or the installation of a domestic water pump to provide additional water pressure to the upper floors.

General Conditions

The building is in need of pressure cleaning, waterproofing, and paint. The building concrete eyebrows have some minor cracking that allows water to fall to the sidewalks below. A reasonable estimate for all of this work should be approximately \$65,000 and should be completed in the next two years.

All interior components of the building were found to be in very good and maintained condition including windows and interior and exterior doors.

Conclusion

The building is a wonderful structure with superb hurricane and structural protection elements. While the staff at the building readily admits that the building has had a serious lack of maintenance the building it has stood up very well by itself. The contracts that are in-place were developed to basically provide the ability to have someone to call in the event of a system failure rather than comprehensive routine or preventative maintenance service agreements. With the exception of the items mentioned in this report that should be seriously considered for replacement in the next two years, the building is a very good property. We have also obtained a complete set of blueprints of the building for our records.

I hope this helps, you and the City Manager in the understanding of the facility's current conditions. If you have any questions, please do not hesitate to call me at #7630.

BAJ

TREMCO
Roof Audit Report

Prepared for **City Of Miami Beach**



General Conditions

City Of Miami Beach

Miami City Ballet

Miami City Ballet

9/9/2005

General Conditions

City Of Miami Beach

Miami City Ballet

Roof Name	Main Roof	Year Installed	2000
Square Feet	35,000	Roof Rating	Poor
Inspection date:	9/8/2005	Leakage	<input checked="" type="checkbox"/>
Inspector	Ricardo Moncada		

Description Coal Tar Pitch BUR membrane with gravel finish

Overall Condition The roof present and extensive and severe condition of blistering. Even though most of the blisters have not been punctured yet, the wind uplift resistance of the system is compromised through this condition.

Roof Compositions Concrete Deck
1.5" Iso board fully adhered
1/2" Fiberboard fully adhered
3-4 plies of fiberglass adhered in coal tar pitch
Flood coat and gravel

Visible Roof Defects -Extensive blistering
-Open flashing laps
-Cracks on the parapet walls
-Deficient caulking seal around roof mounted windows.

Scan History N/A

Work History Some repairs have been done in the past to the roofs and to the windows

Warranty Information Not Available

Recommendations Even though the roof is performing at an acceptable level, the possibilities of a premature failure are high. It will either fail from open blisters allowing water into the system, or a blow off during a storm.

The probability of this roof system lasting as long as it was expected are minimum. The reason the building does not leak everywhere is because not all blisters have been punctured yet and you have a concrete slab. The replacement time will be dictated by the risk you are willing to take.

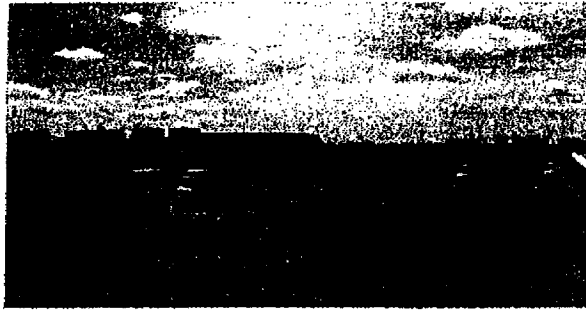
Urgency items Seal open laps at flashings
Waterproof parapet walls

Roof Photos

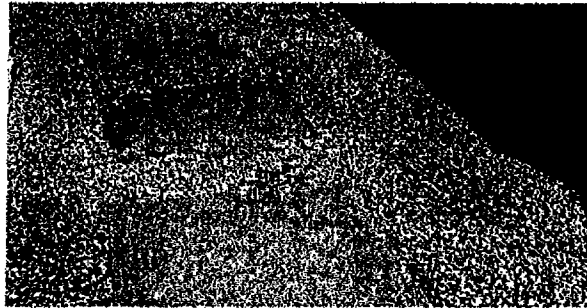
City Of Miami Beach

Miami City Ballet

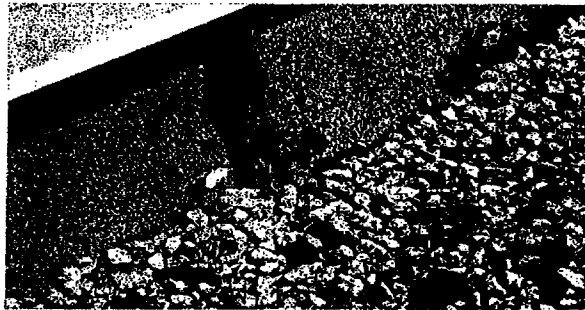
Overview. The blisters that are present on the roof surface are not very high in dimension, but they are wide and long. Unfortunately, that makes it difficult to avoid stepping on them.



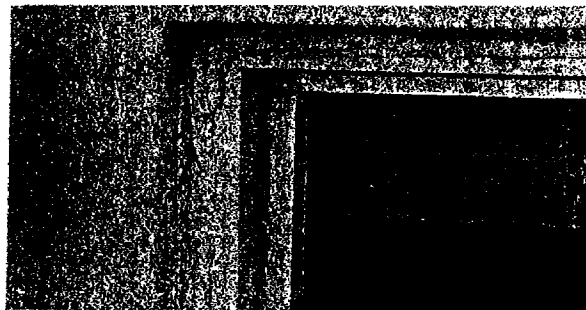
There are blisters under the walk pads around the roof mounted equipment.



There are some flashing laps that are open. The laps do not have a reinforcement strip.



The caulking repair on the windows was done without removing the deteriorated caulking first.

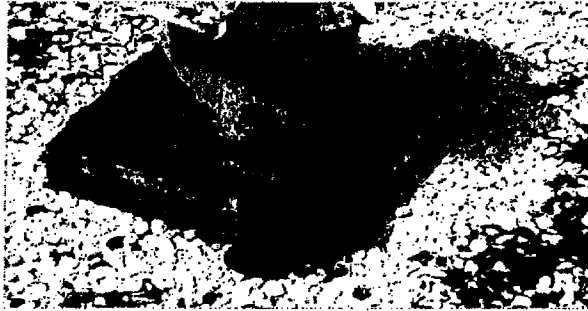


Roof Photos

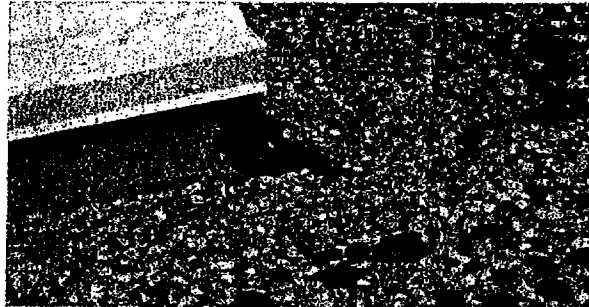
City Of Miami Beach

Miami City Ballet

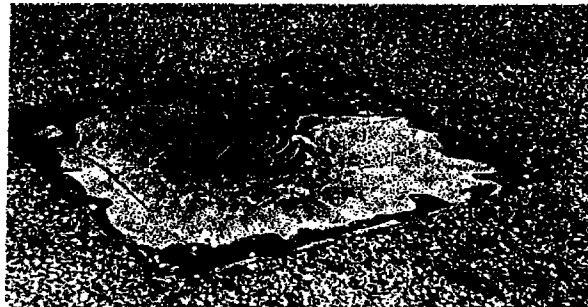
Pitch pans and penetrations are deteriorated. The mastic used in this pitch pan is rigid and is splitting.



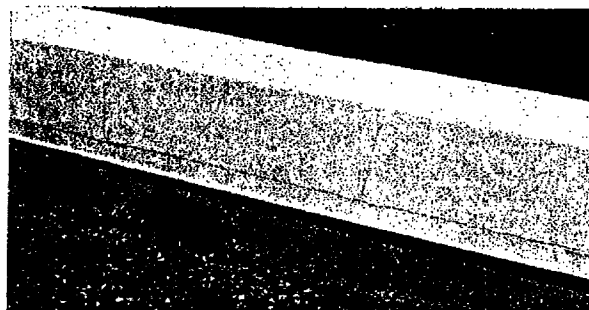
This corner flashing lap by one of the windows is open. There is no reinforcement on the flashing lap.



There are debris on the roof that when accumulated can block the drain.



This flashing lap was repaired by applying a bead of mastic over it. The repair should have included a reinforcing membrane. One can also see a crack on the parapet wall.



Budget By Facility

City Of Miami Beach

Miami City Ballet

Roof Area	Budget	Budget	Budget \$	Expended \$
Main Roof	2005	Replacement	\$500,000	
Building Summary			\$500,000	\$0

Summary of Building Inspection Report

	<u>Condition</u>	<u>Estimate</u>	<u>Timeframe</u>
<u>Electrical and Fire Alarm Systems</u>	Very Good		
<u>Roof</u> Blistered membrane	Poor	\$500,000	2 years
<u>HVAC and Energy Management Systems</u> 5 rooftop units - corrosion on condenser	Poor	\$175,000	2 years
<u>Plumbing Systems</u>	Good		
<u>General Conditions</u>			
Exterior Pressure cleaning, waterproofing and Painting	Fair	\$65,000	2 years
Interior Well – maintained condition	Very Good		

Conclusion

The building is a wonderful structure with suburb hurricane and structural protection elements. While the staff at the building readily admits that the building has had a serious lack of maintenance the building it has stood up very well by itself. The contracts that are in-place were developed to basically provide the ability to have someone to call in the event of a system failure rather than comprehensive routine or preventative maintenance service agreements. With the exception of the items mentioned in this report that should be seriously considered for replacement in the next two years, the building is a very good property.

Exhibit G

TERM SHEET

Background and Purpose: The Miami City Ballet, Inc. ("Ballet") is the lessee under a Ground Lease with the City of Miami Beach as lessor of City-owned land located at 2200 Liberty Avenue. In 1999, the City contributed \$2,500,000 towards the cost of constructing the building for the Ballet, (hereinafter the building and all improvements thereon are referred to as the "Building"). The Building was completed in 1999. The Ballet has encountered financial problems recently and is in need of additional funding. Efforts to obtain institutional financing have been unsuccessful. The transactions addressed in this Term Sheet are intended to provide the Ballet with additional funds and to allow the City to acquire title to the Building.

Proposed Transactions: The City proposes to purchase the Building on the following terms:

- (a) Purchase Price. \$4.5 million to be applied as follows: (i) \$2,500,000 to pay off the existing debts of the Ballet (including \$950,000 term loan, \$500,000 fully drawn line of credit, \$500,000 bridge loan plus \$550,000 in aged accounts payable and non-interest bearing loans from Ballet's Board of Directors), (ii) \$2,000,000 to be used by Ballet to fund a working capital reserve account for operating expenses during financially lean months, and (iii) \$740,000 to fund imminent major capital replacements/ repairs which consist of: roof replacement - \$500,000; five rooftop air conditioning units - \$175,000, and pressure-cleaning, waterproofing, and painting of the building exterior - \$65,000.
- (b) Title. City is to acquire good and marketable title to the Building.
- (c) Closing Date - est. October 19, 2005.
- (d) Inspection Period. City has the right to inspect the Building prior to Closing to determine whether it is acceptable. City's review may include title review, survey matters, physical inspections and all other matters of concern to City. If City is not satisfied, City has the option to terminate the Contract.

- (e) No Brokers. City and Ballet represent that there are no real estate brokers entitled to a commission in connection with the transaction.
- (f) Lease Amendment. Following closing, the City will proceed to negotiate an amendment to the existing Ground Lease with the Ballet:
 - (i) include the Property as part of the leased premises;
 - (ii) provide for rent of one dollar per year;
 - (iii) provide for a lease term that extends through (to be determined) - "Lease Expiration Date";
 - (iv) provide a mechanism for City Manager and City's Chief Financial Officer to be members of Ballet's Board and to have input and review of Ballet's annual budget and to have financial oversight
- (g) Financial Covenants. These three terms will be included in the PROPOSED AMENDMENT TO THE Ground Lease:
 - (i) **Working Capital Reserve** – The Working Capital Reserve Fund will be established with an original amount of \$2,000,000. Any funds with drawn from the Working Capital Reserve Fund shall be returned to the Fund within the fiscal year borrowed, such that at the beginning of each fiscal year the Fund balance has been returned to the original amount. Interest earned on the Fund during any year may be withdrawn at any time during the year that the Fund exceeds the original Fund Balance and used for any legal Board approved purpose.
 - (ii) **Capital Maintenance and Replacement Fund** – The Ballet shall establish and contribute annually to a Fund for the repair and /or replacement of building equipment, systems and components. The annual contribution shall be calculated by dividing the escalated cost of the equipment, system or component to

be replaced by its useful life. Such funds shall be held in escrow until such repairs are required. Additionally, preventive maintenance for the HVAC system, Elevators and Fire Alarm and Sprinkler systems shall be funded annually.

- (iii) **Fiscal Responsibility** – The Ballet shall work with the City Manager and Chief Financial Officer to establish financial policies that would help insure that the Ballet would operate at all times within its financial resources and would not incur debt to meet its operating requirements. These policies could include a requirement to budget operating expenses at a percentage of estimated revenues such that there is a contingency factor built in to each year's budget.

SEP-14-2005 WED 10:24 AM NTBF CORAL GABLES

FAX NO. 3055297723

F. 02/02

Northern Trust Bank
595 Biltmore Way
Coral Gables, Florida 33134
305-529-7700

Exhibit H

**Northern Trust**

September 9, 2005

Mr. Lewis S. Eidson, President
Board of Directors
Miami City Ballet, Inc.
2200 Liberty Avenue
Miami Beach, Florida 33139

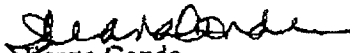
Re: \$500,000 line of credit

Dear Mr. Eidson:

We are pleased to advise you that Northern Trust Bank of Florida, N.A. has approved the short-term renewal of the \$500,000 line of credit which matured on August 31, 2005. The new maturity date will be November 30, 2005 and all other terms and conditions remain the same. We will be contacting you in order to arrange the signing of the renewal documents.

Should you have any questions, please do not hesitate to contact me at (305) 529-7718.

Sincerely,


Heana Conde
Vice President

Wachovia Bank, N.A.
 10000
 12000
 14000
 16000



WACHOVIA

September 9, 2005

Michael Eidson, President
 Board of Directors
 Miami City Ballet
 C/o Colson Hicks Eidson
 255 Aragon Avenue, 2nd Floor
 Coral Gables, Florida 33134

Re: Outstanding Loan Facilities: (1) Loan evidenced by Renewal Promissory Note from Miami City Ballet, Inc. ("MCB") in favor of Wachovia Bank, National Association (the "Bank"), dated as of August 22, 2001, in the original principal amount of \$500,000.00, as modified by Modification of Renewal Promissory Note, by and between MCB and the Bank, dated as of June 30, 2002 and by those certain letters dated September 8, 2003 and September 21, 2004 ("Facility One"); (2) Loan evidenced by Consolidated Renewal Promissory Note, dated as of August 22, 2001 from MCB in favor of Bank, in the original principal amount of \$1,600,000, as modified by Modification of Consolidated Renewal Promissory Note, by and between MCB and the Bank, dated as of December 27, 2002, Second Modification of Consolidated Renewal Promissory Note, by and between MCB and the Bank, dated as of June 26, 2003, and Third Modification of Consolidated Renewal Promissory Note, by and between MCB and the Bank, dated as of March 31, 2005 ("Facility Two")

Dear Mr. Eidson:

The outstanding principal balance under Facility One is currently \$500,000. The entire outstanding principal balance and all accrued interest under Facility One are due and payable at this time.

The outstanding principal balance under Facility Two is currently \$950,000. The entire outstanding principal balance and all accrued interest under Facility Two are due and payable at this time.

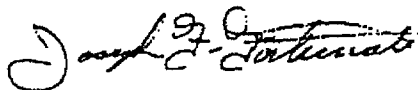
This is to advise that it is presently the intention of the Bank to extend the maturity date for the Facilities to November 30, 2005; provided, however the Bank's agreement to extend the maturity date for the Facilities to November 30, 2005 is conditioned on the satisfaction of the following preconditions: (i) receipt by the Bank of the consent of the participant lenders in the Facilities to the

Trust Bank of Florida ("NTB") to the extension of that certain Debt Subordination Agreement by and between the Bank and NTB, dated as of March 31, 2005, together with joinders thereto from Ronald E. Esserman and Lewis S. Eidson, Jr. and (iii) the agreements of MCB that, by no later than October 15, 2005, MCB shall present to the Bank, for consideration by the Bank and the participant lenders in the Facilities, a realistic and credible plan for the payment of the Facilities, (iv) all the terms and conditions during this period will remain the same except those modified expressly by this letter.

In the event the forgoing preconditions to the extension of the maturity date for the Facilities shall not be satisfied, then the Bank reserves its rights and remedies set forth in the loan documents to protect the interest of the Bank and the participating lenders in the Facilities.

-- Very truly yours,

WACHOVIA BANK, National Association



Name: Joseph F. Fortunato
Title: Senior Vice President

Cc: John Safranek, Director of Finance
Mark Rosenblum, General Manager ✓

Funding Plan for Future Capital Maintenance and Replacements**Exhibit I****Long Term Capital Replacement Costs**

	Cost	Useful Life (yrs)	Average Annual Inflation Rate		
			3%	4%	5%
Roof	\$ 500,000	20	\$ 25,750	\$26,000	\$26,250
HVAC	175,000	15	12,017	12,133	12,250
Pressure Cleaning, Painting + Water	65,000	7	9,564	9,657	9,750
			47,331	47,790	48,250
Annual Maintenance Contracts for:	\$35,000 - \$50,000		35,000	42,500	50,000
A/C		Annual Contribution	\$ 82,331	\$ 90,290	\$ 98,250
Elevators			Min.		Max.
Fire Alarms					
Sprinklers					
<u>Capital Replacements 25+ yrs</u>		Useful Life (yrs)			
Electrical & Fire Alarm		25 yrs			
Plumbing		25 yrs			
Elevators		25-30 yrs			

**REDEVELOPMENT AGENCY
COMMISSION ITEM SUMMARY**



Condensed Title:

A Resolution of the Chairman and Members of the Board of the Miami Beach Redevelopment Agency (RDA), approving the attached Term Sheet setting forth the terms and conditions for the City's proposed purchase of the leasehold improvements currently owned by the Miami City Ballet, Inc. (Ballet); further authorizing the Executive Director or his designee to negotiate a Purchase and Sale Agreement with the Ballet, subject to final approval of the Chairman and Members of the Board of the RDA; authorizing and appropriating an advance in the amount of \$550,000 from the RDA - CCHCV Non-Ad Valorem Funds.

Issue:

Shall the RDA, approve the attached Term Sheet setting forth the terms and conditions for the proposed purchase of the leasehold improvements currently owned by the Ballet; and further authorize the Executive Director or his designee to negotiate a Purchase and Sale Agreement with the Ballet; and authorize and appropriate an advance in the amount of \$550,000 from RDA-CCCHCV Non-Ad Valorem Funds to be applied toward the purchase price for the facility upon execution of a Purchase and Sale Agreement, and further authorize the commencement of preliminary negotiations on a long term lease of the facility.

Item Summary/Recommendation:

The Administration believes that by taking these steps to consolidate the City's ownership of the Ballet Studio Building, and to provide the funding for imminent major capital replacements, we will provide a path to financial sustainability for the Ballet and gain an extremely valuable asset for the City.

The Administration recommends the RDA Board approve the proposed Resolution.

Advisory Board Recommendation:

The Finance and City Wide Projects Committee directed the Administration to return to the full City Commission at its September 21, 2005 meeting with the following items:

1. Term Sheet outlining the proposed terms of the purchase and sale agreement, including a description of proposed financial covenants to be included in the proposed lease agreement;
2. Letter from each major lender stating that the payments due on loans as of August 31, had been deferred or were held in forbearance;
3. Funding plan for future capital maintenance and replacements; and
4. Resolution of the Ballet's Governing Board agreeing to the preliminary terms of the agreement as outlined in the Term Sheet.

Financial Information:

Source of Funds:		Amount	Account	Approved
	1	\$550,000	City Center Historic Convention Village Non - Ad Valorem Funds	
	2			
	3			
	4			
	Total	\$550,000		

Finance Dept.

City Clerk's Office Legislative Tracking:

Patricia D. Walker

Sign-Offs:

Department Director	Assistant City Manager	City Manager

AGENDA ITEM

3D

DATE

9-21-05

CITY OF MIAMI BEACH

CITY HALL 1700 CONVENTION CENTER DRIVE MIAMI BEACH, FLORIDA 33139
www.miamibeachfl.gov



REDEVELOPMENT AGENCY MEMORANDUM

To: Chairman and Members of the Board
Miami Beach Redevelopment Agency

Date: September 21, 2005

From: Jorge M. Gonzalez
Executive Director

Subject: **A RESOLUTION OF THE CHAIRMAN AND MEMBERS OF THE BOARD OF THE MIAMI BEACH REDEVELOPMENT AGENCY (RDA), RATIFYING THE ATTACHED TERM SHEET SETTING FORTH THE TERMS AND CONDITIONS FOR THE CITY'S PROPOSED PURCHASE OF THE LEASEHOLD IMPROVEMENTS CURRENTLY OWNED BY THE MIAMI CITY BALLET, INC., 2200 LIBERTY AVENUE, MIAMI BEACH, FLORIDA, INCLUDING BUT NOT LIMITED TO THE BUILDING AND ALL IMPROVEMENTS THEREIN; FURTHER AUTHORIZING THE EXECUTIVE DIRECTOR OR HIS DESIGNEE TO NEGOTIATE A PURCHASE AND SALE AGREEMENT WITH THE MIAMI CITY BALLET, INC., BASED UPON THE APPROVED TERM SHEET AND SUBJECT TO FINAL RATIFICATION BY THE CHAIRMAN AND MEMBERS; AUTHORIZING AND APPROPRIATING AN ADVANCE IN THE AMOUNT OF \$550,000 FROM CITY CENTER HISTORIC CONVENTION VILLAGE REDEVELOPMENT AREA NON - AD VALOREM FUNDS, TO COVER THE MIAMI CITY BALLET, INC.'S OPERATING EXPENSES THROUGH OCTOBER 19, 2005, SAID AMOUNT TO BE APPLIED AS AN ADVANCE TOWARD THE CITY'S PURCHASE PRICE FOR THE BUILDING AND IMPROVEMENTS UPON EXECUTION OF A PURCHASE AND SALE AGREEMENT WITH THE MIAMI CITY BALLET, INC., AND FURTHER AUTHORIZING THE EXECUTIVE DIRECTOR OR HIS DESIGNEE TO COMMENCE PRELIMINARY NEGOTIATIONS ON A NEW LONG TERM LEASE OF THE FACILITY AND IMPROVEMENTS BETWEEN THE CITY AND THE MIAMI CITY BALLET, INC.**

Background

The Miami City Ballet began in 1985 and has grown to maturity in the City of Miami Beach where it has been located for more than twenty years. In 1986, its first performance season, the Company had a budget of \$1,000,000, a troupe of 19 dancers and a handful of staff. Today in its twentieth season, the Company has grown to a budget of over \$10,250,000, the troupe now includes 46 dancers, the School has 400 students and there are 70 staff for the Company and School.

The Miami City Ballet Studios building, 2200 Liberty Ave, is an approximately 63,000 sf building containing the offices, school and studios of the Ballet and is an anchor in the City's Cultural Campus. It was completed at the end of 1999 at a cost of approximately \$7,000,000. During 1999, the City contributed \$2,500,000 towards the construction of the building and also owns the land on which the Building was built. The Ballet has also added approximately \$1,000,000 of interior finishes and improvements which includes two studios that when combined by opening an air wall between them can create a performance venue with seating for approximately 225. The Ballet has continually made the building available to the City as a polling place for elections as well as an emergency management command center during hurricanes. They have also donated or rented this facility, when available, to other arts groups, such as: New World Symphony, the Miami Light Project and the South Beach Gay Men's Chorus, as well as permitted television,

film, and music video production companies, and photographers doing fashion shoots to use the facility.

Since 1998, through its Miami City Ballet Inner-City Outreach Program, the Ballet has partnered with several Miami Beach Schools, including South Pointe Elementary, Feinberg-Fisher Elementary and North Beach Elementary, through their Exploring Dance Program, which provides in-school residencies, conducted by the School's Outreach Faculty, to children with financial needs. The Ballet also continues to provide scholarships to attend the Miami City Ballet School to talented children with financial need. This year those scholarships have afforded forty children, of whom six are from Miami Beach, the opportunity for this enriching experience. Since the Ballet began performing at the Jackie Gleason Theater in the fall of 1995 the Ballet has donated over twenty-five thousand tickets to their performances to Miami Beach students and children's charities. Additionally, the Ballet has produced education-outreach performances for students from Miami-Dade public schools; Ballets for Young People programming for children and families and since 1994 has performed or participated in the City's annual "Invitation to the Arts." In February 2006, they will produce Aurora's Wedding from Sleeping Beauty at the Jackie Gleason Theater.

The City Manager met with the Ballet during the fall of 2004 and discussed the possibility of providing a grant to them to be used to enhance the Studio Theater space within their facility so that it could be used as a more theatrical performance venue. The Ballet moved forward with this concept and engaged Proscenium Architecture + Interiors, Inc. to assist in the planning of the conversion of the existing studios 1 and 2 into a more patron – comfortable, flexible performance space and estimate the construction cost. They estimate that the full build out of this space will cost approximately \$1,400,000. The Administration is recommending that the City make an additional investment of approximately \$500,000 for capital improvements to the Studio Theater to enable the Ballet to begin performances in this area during early 2006.

The Ballet has been struggling to achieve financial stability in the short-term and sustainability in the long-term. However, at this time they are trying desperately to solve the most severe financial crisis in their history.

They have incurred approximately \$2,500,000 of operating debt over the last six years. Of this amount approximately \$1,950,000 was due August 31, 2005 on which the Ballet has only been able to pay interest this year. This is comprised of: a \$950,000 term loan made by a group of banks, a fully drawn line of credit of \$500,000, both at prime +1/2%; and \$500,000 bridge loan at prime rate, co-signed by two of the Board members. The remaining balance represents aged accounts payable and non-interest bearing loans from board members. The largest piece of this debt is funded by a group of local banks that does not want to continue to lend to the Ballet. The Banks wanted the outstanding amount paid over 5 years; however, the Ballet has no way to fund the repayment over that term. The Ballet's cash balances have deteriorated and they are very concerned that they will not be able to cover payroll and other minimal operating expenses through the month of September. The Ballet cites a reduction in contributions from donors as a

result of a weaker economy post 2001, reductions or eliminations of government support to the arts, as well as more intense competition, most notably from the Miami Performing Arts Center, for contributions from a finite pool of donors, as the major reasons for their decreasing revenues.

Approximately three months into the previous fiscal year (May 2004 – April 2005) it became apparent to the Ballet that they would not be able to achieve their contributed income goal and they immediately reduced their operating budget. At that time they believed that they could survive this crisis by restructuring their debt with a mortgage, payable over 20-30 years, coupled with providing additional fundraising strength, drastic reducing their budget and seeking an annual subsidy from the City.

Commissioner Simon Cruz asked the City Administration to begin working with the Ballet during the fall of 2004 to look for financing so they might refinance their outstanding debt over a more reasonable term, pay off their aged accounts payable and establish a credit line to provide working capital sufficient to see them through the lean part of each season. The City facilitated a meeting for the Ballet with the City's financial advisor and bond counsel to see if a conduit financing was a viable option. During the meeting the facts that were presented by the Ballet quickly led to the conclusion that this was not a viable option and the likelihood of obtaining financing from any lending institution looked less than hopeful.

During January 2005, the Ballet made a presentation to the Finance and Citywide Projects Committee (the Finance Committee) requesting that the City consent to the Ballet obtaining a leasehold mortgage to achieve this financing. The Committee was in favor of giving consent to a leasehold mortgage subject to the terms and conditions of the actual mortgage. Although the Ballet continued to pursue this option with a number of different financial institutions, the Ballet was unable to obtain a mortgage based on the covenants of the City's ground lease which require that in a default the City would be in first position to be paid and additionally the lease restricts the ability of a lender to use the building for any purpose other than non-profit, preferably cultural.

Based on our review of the Ballet's financial position, additional financing would give them only momentary relief and would not solve the structural financial issues that they have. The Ballet has indicated that without a solution to this financial crisis their alternatives would be to close the Company or seek out a new home that could provide financial assistance.

Finance and Citywide Projects Committee Meeting September 12, 2005

The Administration and representatives from the Miami City Ballet including Edward Villella, Founding Artistic Director and CEO, Pamela Gardiner, Executive Director, Mike Eidson Esq., President of the Miami City Ballet Board of Trustees, Rosalind Richter, Vice President and member of Board of Trustees, and Mark Rosenblum, General Manager made a presentation to the Finance Committee at their meeting on September 12, 2005 outlining the Ballet's deteriorating financial condition. The Administration proposed a

financial package that would help the Ballet become financially solvent and continue in its cultural partnership with the City as follows:

- 1 - the City would acquire the Ballet's interest in the Miami City Ballet Studio Building for \$4.5 M and lease it back to the Ballet, at a rent of \$1 a year, with terms similar to the ground lease with the New World Symphony, and take over responsibility for the capital maintenance of the facility, and
- 2 - the City would make an additional investment of approximately \$500,000 for capital improvements to the Studio Theater to enable the Ballet to begin performances in this area during early 2006. (See Exhibit E.)

Under this proposal, the City would buy the Ballet's interest in the Miami City Ballet Studio Building for \$4.5 M and lease it back to the Ballet, at a rent of \$1 a year, with terms similar to the ground lease with the New World Symphony. The City would also take over responsibility for the capital maintenance of the facility which would include the building and its systems, such as: air conditioning, plumbing, electrical, roofing etc. In this regard, Brad Judd, Director of Property Management, visited the Ballet Studios Building and prepared an assessment of the condition of the facility and its systems which reflects an estimated \$740,000 of capital maintenance and replacements that are necessary over the next two years which include: 1) \$500,000 for a new roof; 2) \$175,000 for replacement of five rooftop air conditioning units; and 3) \$65,000 for pressure-cleaning, waterproofing and painting the exterior of the building. (See Exhibit F.)

Further, the Administration recommended that the City make an additional investment of approximately \$500,000 for capital improvements to the Studio Theater to enable the Ballet to begin performances in this area during early 2006. The City also would provide input and review of the Ballet's annual budget and would maintain financial oversight through the appointment of both the City Manager and the City's Chief Financial Officer as voting members of the Ballet's Governing Board.

This amount would allow the Ballet to pay off their existing debt, loans and aged accounts payable which total approximately \$2.5 million and it would provide them with a working capital fund of approximately \$2 million to get them through the financially lean months at the beginning of each season for payroll, licenses, costumes, music and repetiteurs for the upcoming season. The Ballet would return these funds to their working capital fund during the year as revenues were generated and contributions are received. In addition to debt service savings, the Ballet would no longer need to fund building maintenance, repairs and replacement of building equipment, which would also generate significant savings for them over the upcoming years. (See Exhibits A-1 and A-2.)

Additionally, the Ballet proposed to generate incremental revenues, through additional program performances in the enhanced Studio Theater, the Colony Theater and the Byron-Carlyle Theater which are discussed in more detail in the next paragraph. They indicated that they were also pursuing the development of the "Café Ballet", in the lobby of the Ballet Studios Building, with Bom Dia, one of the largest coffee producers in Brazil.

Bom Dia wants to develop the Café as the North American launch location for their limited edition coffees. The terms of this partnership are yet to be negotiated however; Bom Dia has initially indicated that they would fund the capital improvement costs for the Café. The Ballet hoped to be able to serve beer and wine along with light meals, snacks and desserts and provide a place for park and library visitors to enjoy refreshments, along with its own students, patrons and visitors.

As previously mentioned, the Ballet would develop and perform two additional series which will be exclusive to the City at this time. First, a Contemporary Dance Series where audiences would be able to enjoy high quality contemporary dance in the intimate setting that the enhanced Studio Theater would provide. The Ballet explained their plan to develop and produce two Contemporary programs for their upcoming 2006 (Sep 2005 – May 2006) season. (See Exhibit B.) The programs would expand to include a Young People's Program in their 2007 season (Sep 2006 – May 2007) designed especially for young audiences, and they would expand their performances to include the newly renovated Colony Theater along with the Byron-Carlyle Theater. (See Exhibit C.) These programs would be performed by dancers in their existing Company with choreography not currently in the Ballet's repertoire. To achieve this goal, the Ballet has brought back David Palmer and Yanis Pikieris, former Miami City Ballet principal dancers, and Founding Artistic Directors of Maximum Dance Company. These gentlemen have extensive experience as dancers, choreographers and arts administrators and would work with the Company full-time, to develop and implement the Contemporary Dance Series this season and would add the Young People's Program in 2006-2007. (See Exhibits D-1 and D-2.)

The Company has committed to perform as a resident company at the new Miami Performing Arts Center (MPAC) and the City is engaged in discussions with the Cirque du Soleil to reconfigure the Jackie Gleason Theater of the Performing Arts for their year-round performances. It is expected that this venture will continue to be profitable for the Ballet; however, the Ballet has agreed only to perform at a financially self-sustaining level. Additionally, the Ballet offered to acknowledge at their performances at the MPAC that they were "Presented by the City of Miami Beach".

The Finance Committee engaged in a lengthy discussion of the proposal and the severity of the Ballet's financial condition. The Committee made the following recommendations:

- 1- Commissioners Saul Gross and Richard Steinberg recommended that in addition to the \$4,500,000, that the City fund the necessary \$740,000 of capital maintenance and replacements recommended by Mr. Judd, however, it was requested that the Ballet pay for future capital maintenance and replacements and provide annual funding into a reserve for that purpose;
- 2- The Committee did not agree to fund the \$500,000 for capital improvements to the Studio Theater at this time and suggested that the Ballet might pursue this project at a later date;

- 3- Commissioner Steinberg requested that the Administration work with the Ballet to outline financial covenants to incorporate into the agreement that would help insure that the Ballet would operate within its available financial resources in the future and not incur debt to meet its operating requirements;
- 4- Commissioner Cruz requested that the Ballet provide evidence from their lenders that the payments due on loans as of August 31 had been deferred or were held in forbearance while the terms of the City's acquisition of the Ballet Studios Building were negotiated; and
- 5- In regard to the urgency of the Ballet's current cash flow needs the Committee suggested that the full Commission could approve an advance at their September 21, 2005 meeting, that would be applied toward the City's purchase price for the facility upon execution of a purchase and sale agreement. This advance would supplement operating funds for the Ballet until the specific terms of the purchase and sale agreement could be negotiated.

The Committee directed the Administration to return to the full City Commission at its September 21, 2005 meeting with the following items:

- 1- A Term Sheet outlining the proposed terms of the purchase and sale agreement for the acquisition of the Ballet's interest in the building including a description of proposed financial covenants to be included in the proposed lease agreement (See Exhibit G);
- 2- A letter from each major lender stating that the payments due on loans as of August 31, had been deferred or were held in forbearance while the terms of the City's acquisition of the Ballet Studios building were negotiated (See Exhibit H-H1);
- 3- A funding plan for future capital maintenance and replacements (See Exhibit I); and
- 4- A resolution of the Ballet's Governing Board agreeing to the preliminary terms of the agreement as outlined in the Term Sheet. (The Governing Board of the Ballet is scheduled to meet and consider the sale of the building to the City on Monday Sep. 19, 2005.)

Subsequent Discussions with the Ballet

During discussions following the Finance Committee meeting, the Ballet stated that they do not foresee the financial capacity in the near future to provide funding for future capital maintenance and replacements as well as provide the funding to produce the programs (Contemporary and Young People's Series) that the City has requested.

Additionally, the Ballet has indicated that the proposed investment of \$500,000 by the City in enhancements to the Studio Theater would have permitted the Ballet to generate additional revenues by performing in their Studio Theater at an estimated savings of \$20,000 in FY2006 and \$53,200 in FY2007 (\$10,000 per program for three performances and \$13,300 per program for four performances) and would have provided an opportunity to generate some additional revenues from the proposed Café Ballet. Mr. Villella has indicated that in the absence of funding from the City for the Studio Theater he can not afford and therefore can not commit to producing the two new series that the City has requested. Further, Mr. Villella further indicated that in the absence of enhancements to the Studio Theater should the Ballet not be able to perform at the Performing Arts Center because they can not operate at a financially self-sustaining level, there was no facility on Miami Beach large enough to stage the Company's regular active repertory of programs.

The Administration's concurs with the Ballet's concern regarding their financial capacity at this time to develop and produce these additional programs and continue to meet their existing obligations. As such, the Administration recommends that:

- 1 - the City of Miami Beach acquire the Ballet's interest in the Miami City Ballet Studio Building for \$4.5 M and lease it back to the Ballet, at a rent of \$1 a year, with terms similar to the ground lease with the New World Symphony;
- 2 – that the City provide, \$740,000 to fund imminent major capital replacements which consist of: roof replacement - \$500,000; five rooftop air conditioning units - \$175,000, and pressure-cleaning, waterproofing, and painting of the building exterior - \$65,000;
- 3 – that the City engage VFA to formally assess the costs of lifecycle maintenance for the Ballet building and determine a consistent method of allocating building capital maintenance and replacement costs at that time; and
- 4– that the City's requirement to develop and produce the Contemporary and Young People's Programs and the Ballet's request to enhance the Studio Theater be deferred at this time.

We believe by taking these steps to consolidate the City's ownership of the Ballet Studio Building, and to provide the funding for imminent major capital replacements, we will provide a path to financial sustainability for the Ballet and gain an extremely valuable asset for the City.

JMG: PDW

Attachments:

Exhibits A-1 and A-2 – Miami City Ballet Schedule of Proposed Budgetary Savings Included in the Revised Operating Budget for FY2006

Exhibit B - Miami City Ballet Proposed Budget for Contemporary Series FY 2006

Exhibit C – Miami City Ballet Proposed Budget for the Contemporary and Young People's Series FY 2007

Exhibits D-1 and D-2 - Miami City Ballet FY2005 Actual Results of Operations; FY2006 Revised Operating Budget and FY 2007 Proposed Operating Budget and Assumptions

Exhibit E - Miami City Ballet Studio Theatre Upgrade Project Budget

Exhibit F – Preliminary Status of the Miami City Ballet Building, a report prepared by Brad Judd, Director, Property Management Division

Exhibit G – Term Sheet

Exhibit H-H1 - Letters from each major lender stating that the payments due on loans as of August 31 had been deferred or were held in forbearance

Exhibit I - A funding plan for future capital maintenance and replacements

JMG: PDW

RESOLUTION NO. _____

A RESOLUTION OF THE CHAIRMAN AND MEMBERS OF THE BOARD OF THE MIAMI BEACH REDEVELOPMENT AGENCY (RDA), RATIFYING THE ATTACHED TERM SHEET SETTING FORTH THE TERMS AND CONDITIONS FOR THE CITY'S PROPOSED PURCHASE OF THE LEASEHOLD IMPROVEMENTS CURRENTLY OWNED BY THE MIAMI CITY BALLET, INC., 2200 LIBERTY AVENUE, MIAMI BEACH, FLORIDA, INCLUDING BUT NOT LIMITED TO THE BUILDING AND ALL IMPROVEMENTS THEREIN; FURTHER AUTHORIZING THE EXECUTIVE DIRECTOR OR HIS DESIGNEE TO NEGOTIATE A PURCHASE AND SALE AGREEMENT WITH THE MIAMI CITY BALLET, INC., BASED UPON THE APPROVED TERM SHEET AND SUBJECT TO FINAL RATIFICATION BY THE CHAIRMAN AND MEMBERS; AUTHORIZING AND APPROPRIATING AN ADVANCE IN THE AMOUNT OF \$550,000 FROM CITY CENTER HISTORIC CONVENTION VILLAGE REDEVELOPMENT AREA NON - AD VALOREM FUNDS, TO COVER THE MIAMI CITY BALLET, INC.'S OPERATING EXPENSES THROUGH OCTOBER 19, 2005, SAID AMOUNT TO BE APPLIED AS AN ADVANCE TOWARD THE CITY'S PURCHASE PRICE FOR THE BUILDING AND IMPROVEMENTS UPON EXECUTION OF A PURCHASE AND SALE AGREEMENT WITH THE MIAMI CITY BALLET, INC., AND FURTHER AUTHORIZING THE EXECUTIVE DIRECTOR OR HIS DESIGNEE TO COMMENCE PRELIMINARY NEGOTIATIONS ON A NEW LONG TERM LEASE OF THE FACILITY AND IMPROVEMENTS BETWEEN THE CITY AND THE MIAMI CITY BALLET, INC.

WHEREAS, the Miami City Ballet (The Ballet) began in 1985 and has grown to maturity in the City of Miami Beach, where it has been located for more than twenty years; and

WHEREAS, the Miami City Ballet Studios Building, located at 2200 Liberty Ave, is an approximately 63,000 sf building containing the offices, school and studios of the Ballet and is an anchor in the City's Cultural Campus ; and

WHEREAS, during 1999, the City contributed \$2,500,000 towards the construction of the Building and also owns the land on which the Building was built; and

WHEREAS, the Ballet has continually made the Building available to the City as a polling place for elections as well as an emergency management command center during hurricanes; and

WHEREAS, since 1998, through its Miami City Ballet Inner-City Outreach Program, the Ballet has partnered with several Miami Beach Schools, including South Pointe Elementary, Feinberg-Fisher Elementary and North Beach Elementary, through their Exploring Dance Program, which provides in-school residencies, conducted by the School's Outreach Faculty, to children with financial needs; and

WHEREAS, the Ballet also continues to provide scholarships to attend the Miami City Ballet School to talented children with financial need; and

WHEREAS, since the Ballet began performing at the Jackie Gleason Theater in the Fall of 1995, the Ballet has donated over twenty-five thousand tickets to their performances to Miami Beach students and children's charities; and

WHEREAS, the Ballet has been struggling to achieve financial stability in the short-term and sustainability in the long-term and, at this time, it is trying desperately to solve the most severe financial crisis in its history; and

WHEREAS, the Ballet has incurred approximately \$2,500,000 of operating debt over the last six years; of this amount, approximately \$1,950,000 was due August 31, 2005, on which the Ballet has only been able to pay interest this year ; and

WHEREAS, the City Administration began working with the Ballet during the Fall of 2004 to look for financing so it might refinance its outstanding debt over a more reasonable term; pay off its aged accounts payable; and establish a credit line to provide working capital sufficient to see it through the lean part of each season; and

WHEREAS, the Ballet has indicated that without a solution to this financial crisis its alternatives would be to close the Company or seek out a new home that could provide financial assistance; and

WHEREAS, the Administration and representatives from the Miami City Ballet made a presentation to the Finance Committee at its meeting on September 12, 2005 outlining the Ballet's deteriorating financial condition; and

WHEREAS, the Administration recommends ratification of the attached Term Sheet setting forth the terms and conditions for the City's proposed purchase of the leasehold improvements currently owned by the Miami City Ballet, Inc., 2200 Liberty Avenue, Miami Beach, Florida.

NOW, THEREFORE, BE IT RESOLVED BY THE CHAIRMAN AND MEMBERS OF THE BOARD OF THE MIAMI BEACH REDEVELOPMENT AGENCY, that the Chairman and Members hereby ratify the attached Term Sheet setting forth the terms and conditions for the City's proposed purchase of the leasehold improvements currently owned by the Miami City Ballet, Inc., 2200 Liberty Avenue, Miami Beach, Florida, including but not limited to the

Building and all improvements therein; further authorizing the Executive Director or his designee to negotiate a Purchase and Sale Agreement with the Miami City Ballet, Inc., based upon the approved Term Sheet and subject to final ratification by the Chairman And Members; authorizing and appropriating an advance in the amount of \$550,000 from City Center Historic Convention Village Redevelopment Area non - ad valorem funds, to cover the Miami City Ballet, Inc.'s operating expenses through October 19, 2005, said amount to be applied as an advance toward the City's purchase price for the Building and improvements upon execution of a Purchase and Sale Agreement with the Miami City Ballet, Inc., and further authorizing the Executive Director or his designee to commence preliminary negotiations on a new long term lease of the facility and improvements between the City and the Miami City Ballet, Inc.

This resolution shall take effect immediately upon its adoption.

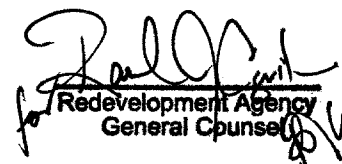
PASSED AND ADOPTED THIS _____ DAY OF _____, 2005

ATTEST:

SECRETARY

CHAIRMAN

**APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION**


for Redevelopment Agency
General Counsel
Date 9-19-05

TERM SHEET

Background and Purpose: The Miami City Ballet, Inc. ("Ballet") is the lessee under a Ground Lease with the City of Miami Beach as lessor of City-owned land located at 2200 Liberty Avenue. In 1999, the City contributed \$2,500,000 towards the cost of constructing the building for the Ballet, (hereinafter the building and all improvements thereon are referred to as the "Building"). The Building was completed in 1999. The Ballet has encountered financial problems recently and is in need of additional funding. Efforts to obtain institutional financing have been unsuccessful. The transactions addressed in this Term Sheet are intended to provide the Ballet with additional funds and to allow the City to acquire title to the Building.

Proposed Transactions: The City proposes to purchase the Building on the following terms:

- (a) Purchase Price. \$4.5 million to be applied as follows: (i) \$2,500,000 to pay off the existing debts of the Ballet (including \$950,000 term loan, \$500,000 fully drawn line of credit, \$500,000 bridge loan plus \$550,000 in aged accounts payable and non-interest bearing loans from Ballet's Board of Directors), (ii) \$2,000,000 to be used by Ballet to fund a working capital reserve account for operating expenses during financially lean months, and (iii) \$740,000 to fund imminent major capital replacements/ repairs which consist of: roof replacement - \$500,000; five rooftop air conditioning units - \$175,000, and pressure-cleaning, waterproofing, and painting of the building exterior - \$65,000.
- (b) Title. City is to acquire good and marketable title to the Building.
- (c) Closing Date - est. October 19, 2005.
- (d) Inspection Period. City has the right to inspect the Building prior to Closing to determine whether it is acceptable. City's review may include title review, survey matters, physical inspections and all other matters of concern to City. If City is not satisfied, City has the option to terminate the Contract.

- (e) No Brokers. City and Ballet represent that there are no real estate brokers entitled to a commission in connection with the transaction.
- (f) Lease Amendment. Following closing, the City will proceed to negotiate an amendment to the existing Ground Lease with the Ballet:
 - (i) include the Property as part of the leased premises;
 - (ii) provide for rent of one dollar per year;
 - (iii) provide for a lease term that extends through (to be determined) - "Lease Expiration Date";
 - (iv) provide a mechanism for City Manager and City's Chief Financial Officer to be members of Ballet's Board and to have input and review of Ballet's annual budget and to have financial oversight
- (g) Financial Covenants. These three terms will be included in the PROPOSED AMENDMENT TO THE Ground Lease:
 - (i) **Working Capital Reserve** – The Working Capital Reserve Fund will be established with an original amount of \$2,000,000. Any funds with drawn from the Working Capital Reserve Fund shall be returned to the Fund within the fiscal year borrowed, such that at the beginning of each fiscal year the Fund balance has been returned to the original amount. Interest earned on the Fund during any year may be withdrawn at any time during the year that the Fund exceeds the original Fund Balance and used for any legal Board approved purpose.
 - (ii) **Capital Maintenance and Replacement Fund** – The Ballet shall establish and contribute annually to a Fund for the repair and /or replacement of building equipment, systems and components. The annual contribution shall be calculated by dividing the escalated cost of the equipment, system or component to

be replaced by its useful life. Such funds shall be held in escrow until such repairs are required. Additionally, preventive maintenance for the HVAC system, Elevators and Fire Alarm and Sprinkler systems shall be funded annually.

- (iii) **Fiscal Responsibility** – The Ballet shall work with the City Manager and Chief Financial Officer to establish financial policies that would help insure that the Ballet would operate at all times within its financial resources and would not incur debt to meet its operating requirements. These policies could include a requirement to budget operating expenses at a percentage of estimated revenues such that there is a contingency factor built in to each year's budget.

**Miami City Ballet
Schedule of Proposed Budgetary Savings
Included in the Revised Operating Budget for FY 2006**

Exhibit A1



*Florida's
Internationally
Acclaimed
Dance
Company*

Board Approved Operating Expenses (FY 2006) \$10,318,884

SAVINGS:

Term Loan Interest (\$950,000) 23,750
Bridge Loan Interest (\$500,000) 12,500
Line of Credit Interest (\$500,000) 12,500

Interest on Additional Borrowing 75,000
Fees on Additional Borrowing 40,000

Facility Repair & Maintenance 20,000

Property Insurance 10,000

ADDITIONAL EXPENSES:

MCB Contemporary Series (Net) 15,000

Revised Operating Expenses (FY 2006) \$10,140,134

Operating Income (FY 2006) \$10,262,358

Additional Interest Income 25,000

Revised Operating Income (FY 2006) \$10,287,358

REVISED NET INCOME

\$147,224

MIAMI CITY BALLET OPHELIA & JUAN J. ROCA CENTER 2200 LIBERTY AVENUE MIAMI BEACH, FLORIDA 33139
PHONE: (305) 929-7000 FAX (305) 929-7008 E-MAIL admin@miamicityballet.org

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MIAMI CITY BALLET
Exhibit A2

	(BOARD APPROVED) OPERATING BUDGET FY 2006	(REVISED) OPERATING BUDGET FY 2006	BUDGET ADJUSTMENTS FY 2006
BEGINNING CASH BALANCE	\$0	\$0	
REVENUE			
Earned Revenue			
Subscriptions & Singles	\$2,840,000	\$2,840,000	\$0
Nutcracker	945,000	945,000	\$0
Contemporary Series	0	54,000	\$54,000
Young People's Series	0	0	\$0
Boutique / P&H	100,000	100,000	\$0
Tour	968,316	968,316	\$0
School	760,500	760,500	\$0
Investment	75,000	100,000	\$25,000
Other	55,000	55,000	\$0
Total Earned Revenue	\$5,743,816	\$5,822,816	\$79,000
Contributed Revenue			
Directors	\$425,000	\$425,000	\$0
Individuals	2,300,000	2,375,000	\$75,000
Corporations	250,000	250,000	\$0
Foundations	625,000	625,000	\$0
Government	636,325	636,325	\$0
Events - Net	400,000	400,000	\$0
Total Contributed Revenue	\$4,636,325	\$4,711,325	\$75,000
Sub-Total Revenue	\$10,380,141	\$10,534,141	\$154,000
Less: Contingency	0	117,783	\$117,783
Total Revenue	\$10,380,141	\$10,416,358	\$36,217
EXPENSE			
Program Services			
Company & Artistic	\$2,531,386	\$2,611,386	\$80,000
New Production	198,500	232,500	\$34,000
Production	2,696,239	2,701,239	\$5,000
Tour	535,302	535,302	\$0
School	961,254	961,254	\$0
Total Program Services	\$6,922,681	\$7,041,681	\$119,000
Supporting Services			
Marketing	\$1,302,630	\$1,326,130	\$23,500
Development	842,082	842,082	\$0
General & Administrative	1,066,919	998,419	(\$68,500)
Interest	184,572	60,822	(\$123,750)
Total Supporting Services	\$3,396,203	\$3,227,453	(\$168,750)
Total Expense	\$10,318,884	\$10,269,134	(\$49,750)
Net Income (Loss)	\$61,257	\$147,224	\$85,967

**Miami City Ballet
Proposed Budget for Contemporary Series
FY 2006**

Exhibit B



*Florida's
Internationally-
Acclaimed
Dance
Company*

Earned Revenue (2 Programs/3 Performances Each)	\$54,000
Contributed Revenue	75,000
EXPENSES:	
Program Directors	80,000
Artistic (Licensing Ballets, Répétiteurs Fees, etc...)	34,000
Production	5,000
Marketing	20,000
Box Office/House Management	3,500
G & A	1,500
Net Income (Loss)	<u>(\$15,000)</u>

MIAMI CITY BALLET OPHELIA & JUAN JS. ROCA CENTER 2200 LIBERTY AVENUE MIAMI BEACH, FLORIDA 33139

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NO. 178 002

MIAMI CITY BALLET + 9305573795

12/06

09/08/2005

Miami City Ballet
Proposed Budget for the Contemporary & Young People's Series
FY 2007

Exhibit C



*Florida's
 Internationally-
 Acclaimed
 Dance
 Company*

Earned Revenue:

3 Contemporary Programs & 1 Young People's Program \$100,000

Contributed Revenue 147,500

EXPENSES:

Program Directors & Benefits 100,000

Artistic (Licensing Ballets, Répétiteurs Fees, etc...) 80,000

Production 20,000

Marketing 35,000

Box Office/House Management 7,500

G & A 5,000

Net Income (Loss) \$0

MIAMI CITY BALLET OPHELIA & JUAN JR. ROCA CENTER 2200 LIBERTY AVENUE MIAMI BEACH, FLORIDA 33139

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SPR RT/10H

CE/JS/ROSC & LITHE 2111 TUNING 9027 CORP/RO/CO

MIAMI CITY BALLET
Exhibit D 1

	(ACTUAL RESULTS) OPERATING BUDGET FY 2005	(REVISED) OPERATING BUDGET FY 2006	(PROPOSED) OPERATING BUDGET FY 2007
BEGINNING CASH BALANCE	\$0	\$0	\$147,224
REVENUE			
Earned Revenue			
Subscriptions & Singles	\$2,646,184	\$2,840,000	\$3,055,000
Nutcracker	919,123	945,000	1,026,750
Contemporary Series	0	54,000	75,000
Young People's Series	0	0	25,000
Boutique / P&H	90,862	100,000	126,750
Tour	1,136,411	968,316	1,200,000
School	715,060	760,500	760,500
Investment	42,115	100,000	150,000
Other	125,640	55,000	77,500
Total Earned Revenue	\$5,675,395	\$5,822,816	\$6,496,500
Contributed Revenue			
Directors	\$411,992	\$425,000	\$500,000
Individuals	2,471,855	2,375,000	2,625,000
Corporations	267,131	250,000	350,000
Foundations	826,662	625,000	725,000
Government	613,153	636,325	636,325
Events - Net	281,605	400,000	600,000
Total Contributed Revenue	\$4,872,398	\$4,711,325	\$5,436,325
Sub-Total Revenue	\$10,547,793	\$10,534,141	\$11,932,825
Less: Contingency		117,783	135,908
Total Revenue	\$10,547,793	\$10,416,358	\$11,796,917
EXPENSE			
Program Services			
Company & Artistic	\$2,416,988	\$2,611,386	\$3,215,567
New Production	394,125	232,500	330,000
Production	2,646,854	2,694,739	3,117,915
Tour	771,383	535,302	660,302
School	993,469	961,254	1,010,335
Total Program Services	\$7,222,820	\$7,035,181	\$8,334,119
Supporting Services			
Marketing	\$1,325,938	\$1,326,130	\$1,541,865
Development	876,005	842,082	1,023,462
General & Administrative	1,019,044	1,004,919	1,033,378
Interest	103,985	60,822	0
Total Supporting Services	\$3,324,973	\$3,233,953	\$3,598,705
Total Expense	\$10,547,793	\$10,269,134	\$11,932,825
Net Income (Loss)	\$0	\$147,224	\$11,316

**Miami City Ballet
FY 2006 Revised Operating Budget
FY 2007 Proposed Operating Budget
Assumptions**

Exhibit D2



*Florida's
Internationally-
Acclaimed
Dance
Company*

FISCAL YEAR 2006

46 Dancers / 37.5 Rehearsal & Performance Weeks

2 Contemporary Series at MCB Building (3 performances in each series / may add shows)

(ESTIMATE: 1,440 seats at \$37.50/ticket = \$54,000)

All Main Stage Performances at the Jackie Gleason Theater

No Cost of Living Increases for Dancers & Staff

FISCAL YEAR 2007

51 Dancers / 41.5 Rehearsal & Performance Weeks

3 Contemporary Series -- 2 at MCB Building / 1 at Colony Theater (4 performances in each series)

(ESTIMATE: 2,000 seats at \$37.50/ticket = \$75,000)

1 Young People's Program at Colony Theater (4 performances)

(ESTIMATE: 1,000 seats at \$25.00/ticket = \$25,000)

All Main Stage Performances at the MPAC

Program I (Orchestra)

Ticket Income: 15% Increase: MPAC / 5% Increase: BCPA & KC (Increased Sales/Price)

Cost of Living Increases for Dancers & Staff

MIAMI CITY BALLET, OPHELIA & JUAN J. ROCA CENTER, 2200 LIBERTY AVENUE, MIAMI BEACH, FLORIDA 33139

PHONE: (305) 929-7000 FAX (305) 929-7002 E-MAIL: admin-fin@miamicityballet.org

A COPY OF THE OFFICIAL REGISTRATION AND FINANCIAL INFORMATION MAY BE OBTAINED FROM THE DIVISION OF CONSUMER SERVICES BY CALLING TOLL FREE 800 435 7352 WITHIN THE STATE. REGISTRATION DOES NOT IMPLY ENDORSEMENT, APPROVAL OR RECOMMENDATION BY THE STATE.

FORM 100-100

CONSUMER PROTECTION DIVISION

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**Miami City Ballet
Studio Theatre Upgrade
Project Budget**

Exhibit E



*Florida's
Internationally-
Acclaimed
Dance
Company*

Air Conditioning System

Compressor, Condenser, Handler, Duct Work \$107,000

Scenic Elements

Legs	10,620
Borders	9,610
Scrim	2,810
Window Coverings	1,000
Bleacher Masking	1,000
Curtain & Rigging	50,000
Pipe Grid	15,250
Rear Projection Screen	6,375

Electrical Elements

Instruments (Light Fixtures, Towers) 60,000

Sound Elements

Equipment	25,000
Acoustical Treatment	75,000

Other

Consulting	35,000
Project Labor (Installation Fees, etc...)	75,000
Miscellaneous	26,335

TOTAL

\$500,000

MIAMI CITY BALLET OPHELIA & JUAN DE ROCA CENTER 2200 LIBERTY AVENUE MIAMI BEACH, FLORIDA 33139

PHONE: (305) 929-7000 FAX (305) 929-7002 E-MAIL: admin-fin@miamicityballet.org

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NO. 218 005

MIAMI CITY BALLET + 93056237795

17:26 09/08/2005



THE CITY OF MIAMI BEACH
PROPERTY MANAGEMENT DIVISION
1245 MICHIGAN AVENUE
MIAMI BEACH, FLORIDA 33139
(305) 673-7630 fax (305) 673-7963



To: Patricia Walker
Chief Financial Officer

September 9, 2005

From: Brad A. Judd RPA, FMA, CGC
Director, Property Management

Subject: **Preliminary Status of the Miami City Ballet Building**

As you and the City Manager requested, Property Management performed a preliminary inspection yesterday of the Miami City Ballet Building to provide information on the existing condition of the facility. In addition to HVAC systems, plumbing systems, and electrical systems, other items such as energy management systems inspections and a preliminary roof survey inspection were also performed. We also looked at existing maintenance contracts and service agreements to better understand how the facility has been maintained in the past. The following are the findings:

Electrical and Fire Alarm Systems

The Electrical system in this building is overall in very good working condition. The Switchgear and Electrical Panels are manufactured by Siemens and all are in very good working condition. All lighting fixtures, exit signs and emergency lighting were also found in good working condition with the exception of some minor ballast or lamp replacements. Also the Simplex Fire Alarm system was just certified in August 2005. Although this inspection was basically a visual inspection all panels and the switchgear were checked for any heating problems and none were present. In conclusion I do not anticipate any major problems with the Electrical System except for general maintenance requirements

Roof

For a relatively young roof, the waterproofing membrane presents a blistering condition that is severe and extensive. You can find blisters that are 3-4 feet wide by 4-6 feet long and they are located throughout the roof area. This condition allows the roof membrane to continue to perform until the blisters get punctured, which is not an uncommon occurrence on roofs that have equipment mounted on the surface. Maintenance personnel would walk through the roof to get to the equipment and step on the blisters causing a rupture on the membrane. You can find blisters under the walk-pads installed around most of the roof mounted equipment.

The other area of concern is that with the presence of such large blisters, the roofing membrane is not acting as an integral assembly. The membrane has separated from the substrate and the possibility of a wind uplift failure is increased. The areas where the blisters exist are weaker than the rest of the roof and might fail to resist the wind uplift force of a storm, causing a catastrophic failure due to a roof blow off. Even though this roof might still be under warranty, the warranty will not cover the blisters. I have attached a copy of a quick roof audit survey we had performed by Tremco yesterday

afternoon that provides more detail on these findings. A cost estimate of \$500,000 has been provided for the replacement of the roof and should be considered necessary in the next couple of years.

HVAC and Energy Management Systems

There are three RTU's (roof top units) on the main roof, two split air conditioning units, and assorted exhaust fans. All outdoor air conditioning units appear functional. All air conditioning units on the roof have extensive corrosion problems on the condenser coils. One of the RTU's has a section on fins missing and oil stains around the missing fins section, indicative of a previous refrigerant leak repair. Because the units were installed without special corrosion protective coatings, that would be typical in our specifications for roof mounted equipment in a salt air environment, it is safe to estimate that all units will have to be replaced within the next two years, with the exception of the air handling unit. All internal HVAC components were found to be operational and in good condition. The estimate for the replacement of all five units on the roof of the Miami City Ballet is \$175,000.00. This includes equipment cost, crane, labor, drawings and miscellaneous contingencies.

The energy management system is a Trane Tracer Summit system with graphics. All components appear to be on line. There was one undetermined alarm showing at the time.

Plumbing Systems

All plumbing systems were found in good operational condition. Water pressure was found to be low on the third floor of the building. This issue could be resolved with adjustments of the backflow prevention system or the installation of a domestic water pump to provide additional water pressure to the upper floors.

General Conditions

The building is in need of pressure cleaning, waterproofing, and paint. The building concrete eyebrows have some minor cracking that allows water to fall to the sidewalks below. A reasonable estimate for all of this work should be approximately \$65,000 and should be completed in the next two years.

All interior components of the building were found to be in very good and maintained condition including windows and interior and exterior doors.

Conclusion

The building is a wonderful structure with superb hurricane and structural protection elements. While the staff at the building readily admits that the building has had a serious lack of maintenance the building it has stood up very well by itself. The contracts that are in-place were developed to basically provide the ability to have someone to call in the event of a system failure rather than comprehensive routine or preventative maintenance service agreements. With the exception of the items mentioned in this report that should be seriously considered for replacement in the next two years, the building is a very good property. We have also obtained a complete set of blueprints of the building for our records.

I hope this helps, you and the City Manager in the understanding of the facility's current conditions. If you have any questions, please do not hesitate to call me at #7630.

BAJ

TREMCO
Roof Audit Report

Prepared for **City Of Miami Beach**



General Conditions

City Of Miami Beach

Miami City Ballet

Miami City Ballet

9/9/2005

General Conditions

City Of Miami Beach

Miami City Ballet

Roof Name	Main Roof	Year Installed	2000
Square Feet	35,000	Roof Rating	Poor
Inspection date:	9/8/2005	Leakage	<input checked="" type="checkbox"/>
Inspector	Ricardo Moncada		

Description Coal Tar Pitch BUR membrane with gravel finish

Overall Condition The roof present and extensive and severe condition of blistering. Even though most of the blisters have not been punctured yet, the wind uplift resistance of the system is compromised through this condition.

Roof Compositions Concrete Deck
1.5" Iso board fully adhered
1/2" Fiberboard fully adhered
3-4 plies of fiberglass adhered in coal tar pitch
Flood coat and gravel

Visible Roof Defects -Extensive blistering
-Open flashing laps
-Cracks on the parapet walls
-Deficient caulking seal around roof mounted windows.

Scan History N/A

Work History Some repairs have been done in the past to the roofs and to the windows

Warranty Information Not Available

Recommendations Even though the roof is performing at an acceptable level, the possibilities of a premature failure are high. It will either fail from open blisters allowing water into the system, or a blow off during a storm.

The probability of this roof system lasting as long as it was expected are minimum. The reason the building does not leak everywhere is because not all blisters have been punctured yet and you have a concrete slab. The replacement time will be dictated by the risk you are willing to take.

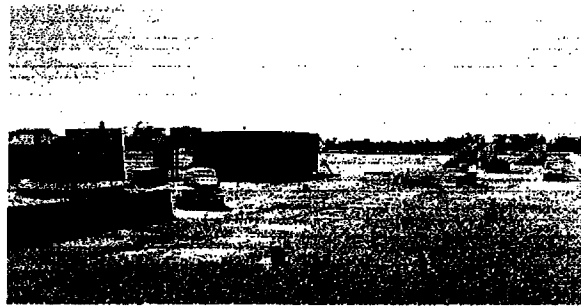
Urgency items Seal open laps at flashings
Waterproof parapet walls

Roof Photos

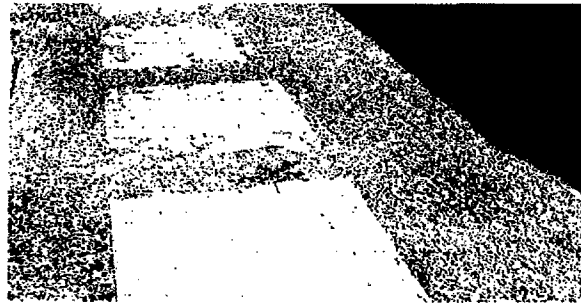
City Of Miami Beach

Miami City Ballet

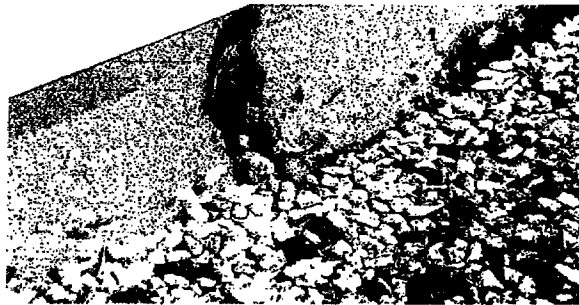
Overview. The blisters that are present on the roof surface are not very high in dimension, but they are wide and long. Unfortunately, that makes it difficult to avoid stepping on them.



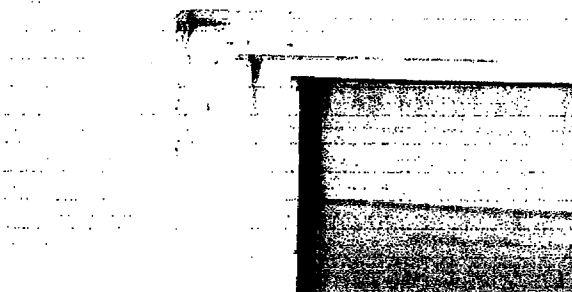
There are blisters under the walk pads around the roof mounted equipment.



There are some flashing laps that are open. The laps do not have a reinforcement strip.



The caulking repair on the windows was done without removing the deteriorated caulking first.



Roof Photos

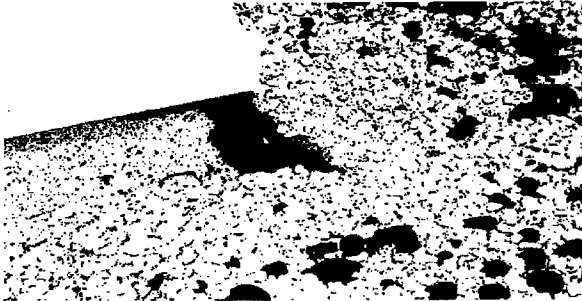
City Of Miami Beach

Miami City Ballet

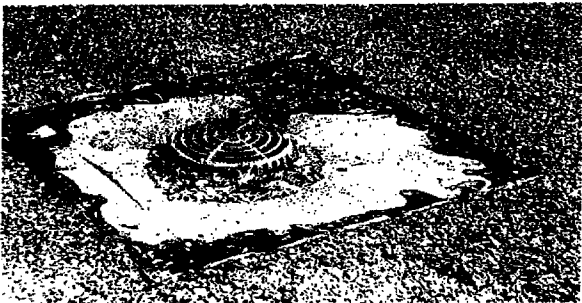
Pitch pans and penetrations are deteriorated. The mastic used in this pitch pan is rigid and is splitting.



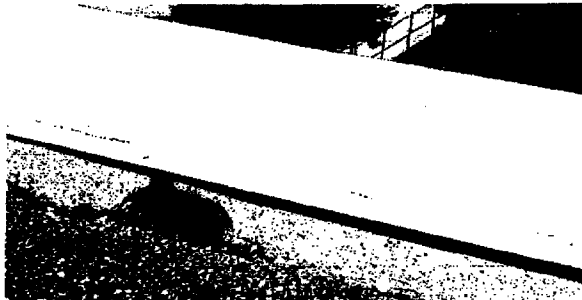
This corner flashing lap by one of the windows is open. There is no reinforcement on the flashing lap.



There are debris on the roof that when accumulated can block the drain.



This flashing lap was repaired by applying a bead of mastic over it. The repair should have included a reinforcing membrane. One can also see a crack on the parapet wall.



Budget By Facility

City Of Miami Beach

Miami City Ballet

Roof Area	Budget	Budget	Budget \$	Expended \$
Main Roof	2005	Replacement	\$500,000	
Building Summary			\$500,000	\$0

9/9/2005

Summary of Building Inspection Report

	<u>Condition</u>	<u>Estimate</u>	<u>Timeframe</u>
<u>Electrical and Fire Alarm Systems</u>	Very Good		
<u>Roof</u> Blistered membrane	Poor	\$500,000	2 years
<u>HVAC and Energy Management Systems</u> 5 rooftop units - corrosion on condenser	Poor	\$175,000	2 years
<u>Plumbing Systems</u>	Good		
<u>General Conditions</u>			
Exterior Pressure cleaning, waterproofing and Painting	Fair	\$65,000	2 years
Interior Well – maintained condition	Very Good		

Conclusion

The building is a wonderful structure with suburb hurricane and structural protection elements. While the staff at the building readily admits that the building has had a serious lack of maintenance the building it has stood up very well by itself. The contracts that are in-place were developed to basically provide the ability to have someone to call in the event of a system failure rather than comprehensive routine or preventative maintenance service agreements. With the exception of the items mentioned in this report that should be seriously considered for replacement in the next two years, the building is a very good property.

Exhibit G

TERM SHEET

Background and Purpose: The Miami City Ballet, Inc. ("Ballet") is the lessee under a Ground Lease with the City of Miami Beach as lessor of City-owned land located at 2200 Liberty Avenue. In 1999, the City contributed \$2,500,000 towards the cost of constructing the building for the Ballet, (hereinafter the building and all improvements thereon are referred to as the "Building"). The Building was completed in 1999. The Ballet has encountered financial problems recently and is in need of additional funding. Efforts to obtain institutional financing have been unsuccessful. The transactions addressed in this Term Sheet are intended to provide the Ballet with additional funds and to allow the City to acquire title to the Building.

Proposed Transactions: The City proposes to purchase the Building on the following terms:

- (a) Purchase Price. \$4.5 million to be applied as follows: (i) \$2,500,000 to pay off the existing debts of the Ballet (including \$950,000 term loan, \$500,000 fully drawn line of credit, \$500,000 bridge loan plus \$550,000 in aged accounts payable and non-interest bearing loans from Ballet's Board of Directors), (ii) \$2,000,000 to be used by Ballet to fund a working capital reserve account for operating expenses during financially lean months, and (iii) \$740,000 to fund imminent major capital replacements/ repairs which consist of: roof replacement - \$500,000; five rooftop air conditioning units - \$175,000, and pressure-cleaning, waterproofing, and painting of the building exterior - \$65,000.
- (b) Title. City is to acquire good and marketable title to the Building.
- (c) Closing Date - est. October 19, 2005.
- (d) Inspection Period. City has the right to inspect the Building prior to Closing to determine whether it is acceptable. City's review may include title review, survey matters, physical inspections and all other matters of concern to City. If City is not satisfied, City has the option to terminate the Contract.

- (e) No Brokers. City and Ballet represent that there are no real estate brokers entitled to a commission in connection with the transaction.
- (f) Lease Amendment. Following closing, the City will proceed to negotiate an amendment to the existing Ground Lease with the Ballet:
 - (i) include the Property as part of the leased premises;
 - (ii) provide for rent of one dollar per year;
 - (iii) provide for a lease term that extends through (to be determined) - "Lease Expiration Date";
 - (iv) provide a mechanism for City Manager and City's Chief Financial Officer to be members of Ballet's Board and to have input and review of Ballet's annual budget and to have financial oversight
- (g) Financial Covenants. These three terms will be included in the PROPOSED AMENDMENT TO THE Ground Lease:
 - (i) **Working Capital Reserve** – The Working Capital Reserve Fund will be established with an original amount of \$2,000,000. Any funds with drawn from the Working Capital Reserve Fund shall be returned to the Fund within the fiscal year borrowed, such that at the beginning of each fiscal year the Fund balance has been returned to the original amount. Interest earned on the Fund during any year may be withdrawn at any time during the year that the Fund exceeds the original Fund Balance and used for any legal Board approved purpose.
 - (ii) **Capital Maintenance and Replacement Fund** – The Ballet shall establish and contribute annually to a Fund for the repair and /or replacement of building equipment, systems and components. The annual contribution shall be calculated by dividing the escalated cost of the equipment, system or component to

be replaced by its useful life. Such funds shall be held in escrow until such repairs are required. Additionally, preventive maintenance for the HVAC system, Elevators and Fire Alarm and Sprinkler systems shall be funded annually.

- (iii) **Fiscal Responsibility** – The Ballet shall work with the City Manager and Chief Financial Officer to establish financial policies that would help insure that the Ballet would operate at all times within its financial resources and would not incur debt to meet its operating requirements. These policies could include a requirement to budget operating expenses at a percentage of estimated revenues such that there is a contingency factor built in to each year's budget.

SEP-14-2005 WED 10:24 AM NTBF CORAL GABLES

FAX NO. 3055297723

P. 02/02

Northern Trust Bank
595 Biltmore Way
Coral Gables, Florida 33134
(305) 529-7700

Exhibit H



Northern Trust

September 9, 2005

Mr. Lewis S. Eidson, President
Board of Directors
Miami City Ballet, Inc.
2200 Liberty Avenue
Miami Beach, Florida 33139


Re: \$500,000 line of credit

Dear Mr. Eidson:

We are pleased to advise you that Northern Trust Bank of Florida, N.A. has approved the short-term renewal of the \$500,000 line of credit which matured on August 31, 2005. The new maturity date will be November 30, 2005 and all other terms and conditions remain the same. We will be contacting you in order to arrange the signing of the renewal documents.

Should you have any questions, please do not hesitate to contact me at (305) 529-7718.

Sincerely,


Heena Conde
Vice President

Wachovia Bank, N.A.
12700 Northlake Drive, Suite 200
Miami, Florida 33150



WACHOVIA

September 9, 2005

Michael Eidson, President
Board of Directors
Miami City Ballet
C/o Colson Hicks Eidson
255 Aragon Avenue, 2nd Floor
Coral Gables, Florida 33134

Re: Outstanding Loan Facilities: (1) Loan evidenced by Renewal Promissory Note from Miami City Ballet, Inc. ("MCB") in favor of Wachovia Bank, National Association (the "Bank"), dated as of August 22, 2001, in the original principal amount of \$500,000.00, as modified by Modification of Renewal Promissory Note, by and between MCB and the Bank, dated as of June 30, 2002 and by those certain letters dated September 8, 2003 and September 21, 2004 ("Facility One"); (2) Loan evidenced by Consolidated Renewal Promissory Note, dated as of August 22, 2001 from MCB in favor of Bank, in the original principal amount of \$1,600,000, as modified by Modification of Consolidated Renewal Promissory Note, by and between MCB and the Bank, dated as of December 27, 2002, Second Modification of Consolidated Renewal Promissory Note, by and between MCB and the Bank, dated as of June 26, 2003, and Third Modification of Consolidated Renewal Promissory Note, by and between MCB and the Bank, dated as of March 31, 2005 ("Facility Two")

Dear Mr. Eidson:

The outstanding principal balance under Facility One is currently \$500,000. The entire outstanding principal balance and all accrued interest under Facility One are due and payable at this time.

The outstanding principal balance under Facility Two is currently \$950,000. The entire outstanding principal balance and all accrued interest under Facility Two are due and payable at this time.

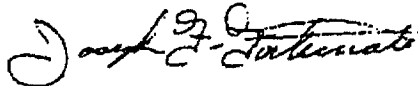
This is to advise that it is presently the intention of the Bank to extend the maturity date for the Facilities to November 30, 2005; provided, however the Bank's agreement to extend the maturity date for the Facilities to November 30, 2005 is conditioned on the satisfaction of the following preconditions: (i) receipt by the Bank of the consent of the participant lenders in the Facilities to the

Trust Bank of Florida ("NTB") to the extension of that certain Debt Subordination Agreement by and between the Bank and NTB, dated as of March 31, 2005, together with joinders thereto from Ronald E. Esserman and Lewis S. Eidson, Jr. and (iii) the agreements of MCB that, by no later than October 15, 2005, MCB shall present to the Bank, for consideration by the Bank and the participant lenders in the Facilities, a realistic and credible plan for the payment of the Facilities, (iv) all the terms and conditions during this period will remain the same except those modified expressly by this letter.

In the event the forgoing preconditions to the extension of the maturity date for the Facilities shall not be satisfied, then the Bank reserves its' rights and remedies set forth in the loan documents to protect the interest of the Bank and the participating lenders in the Facilities.

- " Very truly yours, " -

WACHOVIA BANK, National Association



Name: Joseph F. Fortunato
Title: Senior Vice President

Cc: John Safranek, Director of Finance
Mark Rosenblum, General Manager ✓

Funding Plan for Future Capital Maintenance and Replacements**Exhibit I****Long Term Capital Replacement Costs**

	Cost	Useful Life (yrs)	Average Annual Inflation Rate		
			3%	4%	5%
Roof	\$ 500,000	20	\$ 25,750	\$26,000	\$26,250
HVAC	175,000	15	12,017	12,133	12,250
Pressure Cleaning, Painting + Water	65,000	7	9,564	9,657	9,750
			47,331	47,790	48,250
Annual Maintenance Contracts for:	\$35,000 - \$50,000		35,000	42,500	50,000
A/C		Annual Contribution	\$ 82,331	\$ 90,290	\$ 98,250
Elevators			Min.		Max.
Fire Alarms					
Sprinklers					
<u>Capital Replacements 25+ yrs</u>		Useful			
Electrical & Fire Alarm		Life (yrs)			
Plumbing		25 yrs			
Elevators		25 yrs			
		25-30 yrs			

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